

# **CITY OF CHARLESTON, SOUTH CAROLINA**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**FOR YEAR ENDED DECEMBER 31, 2002**

**WITH**

**REPORT OF INDEPENDENT AUDITORS**

**PREPARED BY:**

**DEPARTMENT OF BUDGET, FINANCE &  
REVENUE COLLECTIONS**

**STEPHEN A. BEDARD, CHIEF FINANCIAL OFFICER**

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# Introductory Section





JOSEPH P. RILEY, JR.  
Mayor

*City of Charleston*  
*South Carolina*  
*Department of Budget, Finance*  
*and Revenue Collections*

STEPHEN A. BEDARD Chief  
Financial Officer

August 25, 2003

The Honorable Joseph P. Riley, Jr.,  
Members of City Council, and  
Citizens of the City  
Charleston, South Carolina

Dear Mayor Riley, Members of Council and Citizens of the City:

I am pleased to submit this Comprehensive Annual Financial Report for the City of Charleston's fiscal year ended December 31, 2002. South Carolina law requires every municipality to issue an annual report on its financial position and activities, and the report is to be audited by an independent firm of certified public accountants. Responsibility for the accuracy of the data and the completeness of the presentation, including all disclosures, rests with the City of Charleston. I am confident that the enclosed data is materially accurate and reported in a manner that fairly represents the financial position and the results of operations of the City, on a government-wide and fund level. All disclosures necessary to enable the reader to gain an understanding of the City of Charleston's financial activities have been included.

This Comprehensive Annual Financial Report (CAFR) consists of the following three sections:

1. The **INTRODUCTORY SECTION**, which is unaudited, includes the Table of Contents, this Letter of Transmittal, the Certificate of Achievement for Excellence in Financial Reporting, a list of City officials and the City of Charleston's organizational chart;
2. The **FINANCIAL SECTION** includes the independent auditor's report, Management's Discussion and Analysis (MD&A), the Basic Financial Statements, Required Supplementary Information, and other Supplementary Information;
3. The **STATISTICAL SECTION**, which is unaudited, includes financial and demographic information presented on a multi-year basis.

The City of Charleston has implemented a significant change in governmental accounting for the year ended December 31, 2002. GASB Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* (GASB 34), was issued in June 1999 and changes the way state and local governments report their finances to the public. The format and purpose of these changes are addressed in the Management's Discussion and Analysis (MD&A) (see page 3 of the Financial Section). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it.

The City of Charleston is also required to undergo an annual audit under the provisions of the Single Audit Act, as amended, and the U. S. Office of Management and Budget Circular A-133, *Audits of State and Local Governments, and Non-Profit Organizations*. Information related to this Single Audit, including the Schedule of Expenditures of Federal Awards, Notes to Schedule of Expenditures of Federal Awards, and the Independent Auditor's Reports on Internal Control and Compliance is issued in a separate report.

For financial reporting purposes, this report includes all funds, agencies, boards and commissions that are controlled by or dependent on the Mayor and City Council. As required by generally accepted accounting principles, the financial statements in this report present the City of Charleston's component unit for which it is financially accountable. The Commissioners of Public Works of the City of Charleston, SC (CPW) is discretely presented in a separate column in the entity-wide financial statements to emphasize that it is legally separate. Also in this report two legally separate entities have been blended as part of the City of Charleston's operations. They are the Police Relief and Pension Fund and the City of Charleston Public Facilities Corporation.

The following entities are related to the City of Charleston, but do not meet the requirements for inclusion in this report: Charleston Housing Authority, Charleston Citywide Local Development Corporation, Charleston Museum, Gibbes Museum of Art, and Charleston Area Regional Transportation Authority (CARTA).

The City of Charleston provides a broad range of services that include:

- (1) Public Safety – law enforcement, fire protection and emergency preparedness planning
- (2) Municipal Court Administration
- (3) Traffic and Transportation Administration
- (4) Street and Drainage Maintenance
- (5) Waste Disposal
- (6) Planning, Zoning and Urban Development Administration
- (7) Parks Development and Maintenance
- (8) Recreational Facilities and Program Initiatives and Administration
- (9) Children, Youth and Family Program Initiatives and Administration
- (10) Tourism Management
- (11) Promotion of the Arts

## **GOVERNMENTAL STRUCTURE, ECONOMIC CONDITIONS AND OUTLOOK**

The Charleston regional economy posted another good year in 2002 with all economic sectors showing reasonable health given the weakness in the national economy. The area defined as Charleston was rated 87<sup>th</sup> among the 200 U.S. metropolitan areas that made the cut in the 2002 Forbes-Milken Institute Best Places Ranking. The rankings measure nine categories, including growth in wages, jobs and high-tech output. The Charleston region has the largest containerized cargo port on the Southeast and Gulf coasts, one of the South's most impressive medical hubs, a multi-billion dollar visitor industry, an established base of national and international manufacturers and a large military presence. Knight Kiplinger stated "reasonable business costs, a thriving local economy, beautiful surroundings and an incredible quality of life put Charleston top on the list for today's cutting-edge companies."

**CHARLESTON AT A GLANCE:** The City of Charleston is located on the southeastern coast of South Carolina, and it is the principal seaport for the state. The first settlement of Charleston took place in 1670 on the east banks of the Ashley River. In 1680 the settlement was moved to the peninsula formed by the convergence of the Ashley and Cooper Rivers. The City had a land area of only 6.12 square miles and did not extend its corporate limits until 1960. As a result of successful merger elections in 1960, a large area west of the Ashley River was annexed into the City of Charleston. Currently, the City occupies approximately 100 square miles spread over Charleston and Berkeley Counties including 7.6 square miles of vital, bustling downtown, which is home to the City's central business district. The Peninsula and areas west of the Peninsula are in Charleston County while Daniel Island and the Cainhoy Peninsula are in Berkeley County.

The annexation of Daniel Island in 1991, an area of approximately 4,500 acres located in Charleston Harbor, not only increased the size of the City of Charleston by nearly 10 square miles, but it also provided an unprecedented growth opportunity. Projections for returns to the City are based on the Master Plan for a world-class development on Daniel Island which includes a town center, a diversity of neighborhoods, up to 7,000 housing units, more than 2.6 million square feet of space for commercial, office and industrial development, and an estimated population of more than 15,000. It is presently home to over 3,000 City residents.

In addition to the positive impact on the City's tax base, these annexations have also served to increase the population. Charleston is the second largest city in South Carolina with an estimated population of 104,108 persons. As a result of both growth within the City and annexations, there has been a 29% increase in the population of the City since 1990.

<b>Year</b>	<b>Population</b>
<b>2003</b>	<b>104,108</b>
<b>2000</b>	<b>96,650</b>
<b>1990</b>	<b>80,414</b>
<b>1980</b>	<b>73,757</b>

**GOVERNING STRUCTURE:** The City of Charleston is governed by a strong mayor form of government where the mayor is both Chief Executive and Administrative Officer of the City. The mayor is also the presiding officer of City Council, which consists of twelve Council Members who are elected for staggered four-year terms from single-member districts. The mayor has no veto power, but he casts a vote similar to those cast by each member of the Council. Regular meetings open to the public are held twice a month during the year, except for the months of June, July and August in which only one meeting is held each month. Special meetings may be called by the Mayor or by petition of one-third of the members of City Council. The Chief Financial Officer supervises all financial matters for the City.

Every 10 years when new U.S. Census information is released, the City goes through the redistricting process to balance the population among its twelve City Council Districts. In January 2002, the U.S. Department of Justice approved the City of Charleston's Redistricting Plan that was adopted by City Council in November 2001.

**COMPETITIVE POSTURE:** The City of Charleston is a highly attractive location for any business. Analysts give Charleston high marks for its economic base, infrastructure, community service and overall competitiveness which ultimately drive location decisions. Primary among the City's advantages are its location, natural beauty and moderate climate. Charleston's location at the confluence of the Ashley and Cooper Rivers creates a natural seaport. Its flat topography, accented by numerous rivers, tidal creeks, vast expanses of salt marshes and its hallmark live oak trees, provides a lush, picturesque backdrop for the elegant 18<sup>th</sup> and 19<sup>th</sup> century architecture of Old Charleston. Despite its economic growth in the past two decades, Charleston has retained the "slow, friendly pace" among its citizens, which visitors most often cite as their favorite part of the lowcountry. Conde Nast Traveler, a leading travel magazine, selected Charleston among its top ten recommended American cities to visit. Charleston has consistently been in the magazine's top cities worldwide over the past ten years. Charleston's "friendliness" was further substantiated when etiquette writer Marjabelle Young Stewart recently named the City of Charleston the nation's "Most Mannerly City" for the ninth consecutive year.

The Charleston area's efficient highway system continues to expand. Its main artery, Interstate 26, allows trucking access to two-thirds of the United States within 48 hours. A ten-mile expansion of Interstate 26 from two to three lanes leading into and out of Charleston was recently completed. Interstate 26 links the region to Interstate 85, the Atlanta, Greenville/Spartanburg, Charlotte and Raleigh Markets, and ultimately to the Midwest Market. Interstate 95, which intersects Interstate 26 less than 50 miles west of Charleston, links the mega-markets of Florida and the Northeast corridor. The Mark Clark Expressway is a 34-mile beltway connecting several highways on four islands and the mainland. State funding of nearly \$550 million was achieved to begin the process for replacement of the Cooper River Bridges with a larger and higher spanned bridge. Groundbreaking for the new bridge was held on July 2, 2001. The largest public works project in the history of South Carolina, bridge construction is ahead of schedule with completion slated for late 2005. The new bridge will provide an expanded transportation artery between the City of Charleston and the rapidly growing area east of the Cooper River. The higher spans will also enhance the Port's ability to accommodate the super-container ships of the 21<sup>st</sup> Century.



As mentioned earlier, Charleston is graced with one of the East Coast's finest natural seaports. The South Carolina State Ports Authority (SPA) has taken full advantage of the harbor by maintaining four container and break-bulk cargo facilities. More than eight million tons of cargo pass through the Port of Charleston each year. As the busiest containerized cargo port on the Southeastern Atlantic and Gulf Coasts and the fourth largest nationwide, the port annually handles 33 billion dollars of cargo. The Port of Charleston continues to be a cornerstone of the area's economy. Charleston's Port has earned a reputation as the Southeast's export launching pad across various trade routes. These routes include Northern Europe, the Mediterranean, Eastern Europe, South America and Africa. State and SPA plans call for a major port expansion at the old Navy base in North Charleston during the next decade. Balance is the overall objective of the State Ports Authority and community leaders. Both sides want careful, smart growth, and they realize the positive economic impact the Port of Charleston's existence has on the region, including 16,000 well-paying jobs (direct and indirect) in the Charleston Metropolitan Statistical Area, and more than 80,000 jobs in the state.

Economic growth efforts in the Charleston area are highlighted by a strong sense of regionalism and teamwork of both the public and private sectors. The Charleston Regional Development Alliance represents the interest of three counties, five major cities, three Chambers of Commerce and a variety of corporations, utilities and educational institutions. It is a marketing organization with a two-part mission:

1. To market the Charleston region as a preferred location for new business investment in manufacturing, distribution, business and research facilities by domestic and international companies, and
2. To facilitate the placing of those facilities in the Charleston region.

Simply stated, the Alliance is dedicated to marketing the business attributes of the Charleston region. They are also a one-stop shop for businesses considering a relocation or competitive expansion in the region. They work closely with the State of South Carolina, area governments, utilities, developers, and others to help streamline the site selection process for their clients. Since their inception, they have helped well over 170 companies find a new home or expand their operations here, bringing more than 14,000 new direct jobs to the three counties in the region.

"Team Charleston" has been working on all cylinders with the Alliance garnering nine awards during the past four years for its achievements. The American Economic Development Council (AEDC), Southern Economic Development Council (SEDC), and the S.C. Economic Development Association (SCEDA) have recognized the group for its marketing, regionalism and recruitment excellence. Despite their success, the regional partners continuously push for improvement.

The Regional Development Alliance's budget was recently increased from \$500,000 to over \$1 million annually. It crafted an industrial recruitment strategy and marketing plan targeting medical research facilities, corporate administrative operations and two groups of export-related manufacturing businesses. The plan has culminated with the opening of the Charleston Regional Development Alliance Executive Briefing Center. Regional Development Alliance capital investment successes for 2002 include the following:

**NEW AND EXPANDED CAPITAL INVESTMENT AND EMPLOYMENT  
IN THE CHARLESTON METROPOLITAN REGION FOR THE  
YEAR 2002 AND INCEPTION-TO-DATE (1995-2002)**

<b>COMPANY</b>	<b>PRODUCT/SERVICE</b>	<b>TOTAL \$</b>	<b>JOBS</b>
Pilot Therapeutics	Pharmaceutical research & development	\$ 10,000,000	180
Crop Tech	Biotech manufacturer	40,000,000	110
DAK Americas	Resin manufacturer	5,000,000	40
Weather Guard Hurricane Protection, Inc.	Hurricane shutter manufacturer	NA	30
MTU Drive Shafts	Automobile part manufacturer	NA	200
American LaFrance Corporation	Fire and emergency apparatus manufacturer	12,000,000	800
North Safety Products	Safety product manufacturer	NA	40
Hill-Rom Corporation	Specialty medical equipment	NA	50
Giant Cement	Cement manufacturer	100,000,000	NA
Signature Building System	Modular home manufacturer	1,250,000	80
Le Ore USA	Furniture and clock distributor	NA	5
McNaughton Apparel Group, Inc.	Women's clothing distributor	9,000,000	200
BellSouth	Call center	NA	107
Charleston Travel Partners	Full-service travel plaza	10,000,000	200
Target	Retailer	4,200,000	NA
Windwood Farm	Treatment facility for children	560,000	NA
TRAMCO	Freight logistics mgmt consulting	80,000	8
Carolina Youth Development Center	Youth development center	4,000,000	NA
Sans Lucas	Web and Internet services	NA	6
ArborGen	Biotech research and development	NA	50
YMCA	Wellness Center	3,500,000	NA
Steven Bailey Company	Commercial Real Estate	662,000	10
Folly Beach Fine Arts Comm. Center	Arts Center	500,000	NA
John's Island Public Library	Library	2,300,000	NA
Trident Technical College	Technical College	26,450,000	NA
		<b>229,502,000</b>	<b>2,116</b>
<b>For the years 1995-2001</b>		3,210,909,766	12,265
	<b>Inception-to-date Total</b>	<b>\$3,440,411,766</b>	<b>14,381</b>

Source: Charleston Regional Development Alliance

The Charleston Digital Corridor was launched February 2001 as an initiative by the City of Charleston to address the needs of technology intense companies within portions of peninsular Charleston, Daniel Island and the Cainhoy peninsula. The corridor is an effort by the City of Charleston to attract, support, nurture, and promote knowledge-based enterprises located within the corporate limits. The Corridor team, comprised of relevant participants in the private and public sector, is positioned to serve the business community as a portal to government, infrastructure, real estate, professional resources, capital and education. The team's overriding goal is to offer tangible resources to Corridor companies. The Charleston Digital Corridor works in partnership with the Charleston Regional Development Alliance, South Carolina Department of Commerce, Medical University of South Carolina and other educational institutions to achieve its goals. As a result of this effort, the City of Charleston hopes to be recognized as a city that actively supports knowledge-based enterprises, nurtures its entrepreneurs and pursues the diversification of her economy while respecting her past. The Charleston Digital Corridor is currently home to 32 technology companies.

Tourism has long been one of Charleston's economic mainstays. As mentioned earlier, the historic beauty of the City and its citizens' charm and grace have led Conde Nast Traveler magazine to name Charleston among its top ten recommended vacation cities in this country each of the last ten years. Tourism centers on the historic district, which is surrounded with 18<sup>th</sup> and 19<sup>th</sup> century architecture and beautiful hidden gardens. Structures in this area are among the largest and best preserved anywhere in the nation. The February/March 2001 issue of the world's number one bridal magazine, Bride's, has named the Charleston area as one of the world's best post-wedding destinations for honeymooning couples. Charleston was selected as one of fourteen American destinations as part of the "2001 Bride's Annual Worldwide Honeymoon Guide."

The City of Charleston was the first in the United States to pass a preservation ordinance (1934). Its Board of Architectural Review diligently oversees changes to the historic residential and commercial community. Charleston is famous for its early multi-denominational churches, beautiful houses with their intimate, fragrant gardens behind wrought iron gates, its horse-drawn carriages and restaurants. The City boasts over 100 eateries in the downtown peninsula alone. The New York Times, Southern Living, Esquire and Bon Appetit have all sung the high praises of various area restaurants in Charleston.

Throughout its history, Charleston has stood as a cultural capital of the South. The performing arts are well represented here by a symphony orchestra, community theater groups and several local ballet companies. The internationally renowned Spoleto Festival USA celebrated its twenty-sixth year in Charleston in June 2002. With an annual budget exceeding \$6 million, the three-week festival was considered a great success receiving praise from critics and audience members alike. The City of Charleston's Office of Cultural Affairs produces the official complementary arm of Spoleto Festival USA known as Piccolo Spoleto. This companion festival features over 700 individual events and presentations over a 17-day period; many of the events are free.

Charleston is also a favorite for on-site filming. The television mini-series *Scarlett*, and the movies *Paradise*, *The Prince of Tides*, *Die Hard With a Vengeance*, *Ace Ventura*, *White Squall*, *Major League 3*, *The Hunley*, *The Legend of Bagger Vance* and *The Patriot* have

been added to the list of Charleston film credits. Director Jodie Foster also completed the on-location filming of *The Dangerous Lives of Altar Boys* in Charleston.

For the fourth year in a row, the Charleston area has been honored for its family attractions by FamilyFun magazine. In its 4<sup>th</sup> annual Family Friendly Travel Awards, the magazine readers selected Charleston as one of the thirty-three top cities for families to vacation in its April 2002 issue. With such family draws as the South Carolina Aquarium, Charleston IMAX, the former U.S.S. Yorktown, Fort Sumter, Waterfront Park, ghost and pirate tours and pristine beaches, it is no surprise that the Charleston area was honored by FamilyFun readers.

The South Carolina Aquarium (SCA) opened its doors to the public on May 19, 2000. It is a four-story structure located on and partially over the Cooper River in downtown Charleston. Constructed by the City of Charleston, the responsibilities for the operation of this impressive facility rest solely with the non-profit SCA Corporation. The 93,000 square foot aquarium houses over 10,000 living organisms in 60 exhibits. It is home to river otters, birds, turtles, fish, snakes, aquatic invertebrates, and insects. The exhibit path leads visitors through the five major regions of the Southeast Appalachian Watershed as found in South Carolina - the Blue Ridge Mountains, the Piedmont, the Coastal Plain, the Coast and the Ocean. The aquarium serves as a catalyst and anchor for the redevelopment of a waterfront area. According to a study conducted by the Charleston Metro Chamber of Commerce, total economic impact of the aquarium operations in 2001 was \$23 million. Other waterfront developments include the National Park Service's Fort Sumter Tour Boat Facility, Fountain Walk, Charleston IMAX Theater, shops and restaurants.

The Charleston area's medical industry accounts for over 26,500 jobs. The majority of the jobs are in the major hospitals which include the Medical University of South Carolina (MUSC), Charleston Memorial Hospital, Roper Hospital and St. Francis Hospital. The State's teaching hospital, MUSC, is located in historic downtown Charleston. Founded in 1824, MUSC is the oldest medical school in the South and forms the core of the state's largest medical complex. MUSC has six colleges – medicine, nursing, health related professions, pharmacy, dental medicine and graduate studies. Centers of excellence in cardiovascular care, cancer/oncology, the neurosciences, biotechnology and organ transplantations have gained MUSC worldwide exposure. MUSC employs over 8,000 health care professionals and has a combined annual budget of approximately \$1 billion. The Medical University continues to receive growing recognition for the strength of its educational offerings. In 2001, MUSC made a capital investment of approximately \$75 million for two facilities, the MUSC Hollings Cancer Center and the Children's Research Institute. The Medical University recently received recognition as one of the Top 100 research universities by the National Science Foundation. MUSC set records in research funding exceeding \$113 million in outside support.

Charleston, graced with semi-tropical weather and beautiful geographic vistas, is an outstanding sports location. In 1997 the City of Charleston was named one of the Top 25 "Best Sports Cities" by Sporting News. Charleston was the only city chosen that did not have a professional major league franchise. Professional and collegiate athletics abound throughout the City. The Charleston *RiverDogs* provide minor league baseball at the Joseph P. Riley, Jr. Ball Park (affectionately known as "The Joe" among locals). Recently,

The Joe was named as one of the Top 20 Minor League baseball parks in America by a leading baseball magazine.

The Charleston *Battery* is the City's professional minor league soccer team. They opened their 1999 season in a new state-of-the-art soccer stadium directly off the Mark Clark Expressway on Daniel Island. The four million-dollar stadium was entirely financed by *Blackbaud, Inc.*, which is a world leading provider of software and services for the non-profit community. It is within a short walking distance of the company's worldwide headquarters on Daniel Island.

The Cooper River Bridge Run and Walk now draws over 30,000 participants and many more spectators. Runners World magazine has ranked it one of the Top Ten 10-K races in the United States.

The American Sail Training Association recently named Charleston "Port City of the Year" for 2000. In June 2000, Charleston served as a "Cruise Port" for Tall Ships 2000® and welcomed twenty-five tall ships representing eleven countries to her harbor.

In April 2001, the Family Circle Cup, a Sanex Women's Tennis Association (WTA) Tier I event, sponsored by Family Circle Magazine, was moved to Charleston after twenty-eight years in Hilton Head, SC. The City, in partnership with the Family Circle's parent company Gruner + Jahr Publishing, Berkeley and Charleston Counties, Daniel Island Properties and the State of South Carolina, constructed a new 32-acre state-of-the-art tennis and recreational park on Daniel Island. Construction of the Daniel Island Tennis Center was completed in March 2001. The park features a permanent 3,700-seat tennis stadium and a racquet club with 17 tennis courts. The Family Circle Cup is the longest running professional women's tennis tournament in the United States. The tournament produces more than \$28 million annually in economic impact and offers prize money in excess of \$1 million. In June 2001, the City-owned tennis center opened to residents at the same modest pricing structure used at other City-operated clay court facilities.

**OUTLOOK:** Charleston is fully prepared to successfully meet the challenges of the 21<sup>st</sup> century. With its strong and diverse economic base, the City of Charleston is actively pursuing economic development. In the 2000 edition of Entrepreneurial Hot Spots, Charleston ranked the 6<sup>th</sup> Best Place in America to Start and Grow a Company (produced by economic-research firm Cognetics Inc.). Coupled with over 300 years rich in history, Charleston is well equipped to compete for emerging global opportunities by capitalizing on its many assets including its harbor and its port, its labor force and work ethic, its strong medical and biotechnology base, its climate, its beautiful natural environment and its wonderful quality of life.

## **MAJOR INITIATIVES**

**CAPITAL FACILITIES:** The City of Charleston continues to improve existing facilities and build new ones designed to enhance the quality of life for its citizens. In 2002, several major capital projects were in the planning stage, under construction or completed. These projects included the following:

- Two municipal buildings are presently under construction. The \$7 million Lockwood Municipal Complex will house the Traffic & Transportation and Municipal Court departments and other related city functions. The \$2.5 million Daniel Island Municipal Building will include police, fire and recreation personnel, as well as meeting facilities and more. Both of these projects are scheduled to be completed in 2004.

#### Improvements:

- Projects ranging in cost from \$5,000 to \$200,000 were in progress for existing parks and recreational facilities located in all parts of the City of Charleston. These projects were funded with a portion of the revenue generated from the City's Hospitality Fee on food and beverages purchased in dining establishments.
- Construction/restoration continued on Market Hall, which is a National Historic Landmark. This work was completed and the historic building reopened to the public in the Fall of 2002.
- Several drainage projects are ongoing to improve drainage on the peninsula. These projects are funded from the revenues produced by the City of Charleston's stormwater utility fee. The East Bay Street/Calhoun Street deep tunnel storm drainage improvements were completed in 2000. The Market Street Drainage Basin final design is nearing completion, and construction is scheduled to start in 2004. Preliminary drainage studies for the Spring Street/Fishburne Street Basins, St. Andrews/Forest Acres Basins and Byrnes Downs Basin were completed in 2002.
- Sidewalk repairs and maintenance are top priority. The 2002 budget included over \$2 million for personnel, operating and contracted effort on sidewalk repair and construction.
- The City is planning a \$600,000 improvement to the Charleston Maritime Center Pier. This is scheduled to be completed in 2005.
- The City has started planning for the extensive renovations on its historic City Hall. Approximately \$5 million of renovations are planned. This will be funded by municipal accommodations funds. Additionally, there are plans for renovations of the Dock Street Theatre for approximately \$7 million. These historic facilities are estimated to complete renovation in 2006 and 2007, respectively. Both of these projects are planned to be completed without incurring debt.
- The City has been working on improving the streetscape of major corridors through the City including King Street and Spring/Cannon Streets. These improvements include reconstruction of sidewalks, curbing, lighting, handicap ramps and burial of overhead wires. Improvements will total approximately \$16 million and are estimated to be completed in 2007.

**CITY PROGRAMS:** The City of Charleston offers its citizens a tremendous number of valuable programs. The emphasis is on programs that improve service to the community.

- In 1998, the City of Charleston began the process of updating a citywide plan. Community meetings were held throughout the city, a citizen survey was conducted, and six focus groups were established to review the policies of Charleston 2000 (adopted in 1991) and suggest changes or additions. In addition, Mayor Joseph P. Riley, Jr. and city planners went to elementary schools to ask students what they loved about their city and what improvements could be made. In July 2000, the City adopted the Century V City Plan. Century V will become more comprehensive over time as the city studies specific issues in more detail and future plans will represent additions. In addition to the Century V, the City maintains the following other strategic plans: enterprise community, parks (in progress), drainage, housing and traffic.
- The City of Charleston's Year of the Child commitment began in 1995. Since that time, the City has continued to concentrate on increasing youth recreational and cultural opportunities. In Fall 2000, the 260-acre West Ashley Park opened. It contains soccer fields, baseball fields, and fishing and boating facilities. Eight soccer fields, six baseball diamonds, and one basketball court were added to the City's recreational facilities inventory in 2000. The City's Cultural Affairs office touched the lives of nearly 16,000 kids through the children's programs and activities presented during the Piccolo Spoleto Arts Festival and the MOJA African-American and Caribbean Arts Festival.
- The City continued to expand and upgrade its fire services. The new fire and police station on Johns Island was opened in early 1999, and the new fire station on James Island was completed in early 2000. In May 1998 the City's Fire Department was given an Insurance Service Office, Inc. (ISO) Protection Class 1 rating which represents the best public protection possible. The elevation of the City's ISO rating from Class 2 to Class 1 resulted in property and casualty insurance savings between 5% and 15% for property owners throughout the city. Charleston is one of thirty-two out of 88,000 fire departments in the United States to presently hold an ISO Class 1 rating. In 1999, the Fire Department added another fire company in the West Ashley area to ensure top-notch fire protection in this expanding area of the City. An additional fire company will be added in the Daniel Island station in 2004 as development of the Island accelerates.
- The City continued its ambitious plans to acquire and redevelop a large number of abandoned houses on the Charleston Peninsula. The goals of the City are to 1) revitalize inner-city neighborhoods through the rehabilitation of blighted houses, 2) provide affordable, decent, safe and sanitary housing for low to moderate income persons and 3) preserve the City's existing historic housing stock. Once properties are acquired, the City secures the structures and offers them for sale under a competitive bid process to persons or entities, which agree to rehabilitate the houses.

- The City of Charleston continued its impressive promotion of the arts. Over 125,000 people attended the 2002 Piccolo Spoleto Festival, which featured approximately 5,000 artists and 750 events. This was the 24th season for the event in Charleston. The 2002 MOJA African-American and Caribbean Arts Festival attracted nearly 60,000 people to its events in the early fall. The City helped plan the fourth annual First Night Charleston festival, which is patterned after the famous version started in Boston in 1976. First Night Charleston was inaugurated on December 31, 1997 and it was an instant success.
- The City has purchased and begun implementation of a comprehensive financial and management system. Since September 2000, a group of representatives from each City department has been working to identify the essential functions that the new system must fulfill. The Financial and Computer Taskforce (FACT) worked with consultants from the Government Finance Officers Association to research vital needs, gather feedback from employees, and investigate systems that other municipalities are using. In November 2001, the City entered into a contract with SunGuard Bi-Tech to implement an enterprise resource planning software, *Integrated Financial and Administrative Solution* (IFAS). The implementation began in February 2002 with the financial portion of the system successfully going "live" on October 1, 2002. The entire IFAS implementation will be completed by the end of 2003. This system has significantly improved how we do business and serve our citizens and internal customers. The City is now able to make decisions using real-time financial and management information.

## **FINANCIAL INFORMATION**

Please read the MD&A and the Notes to the Financial Statements for specific financial information.

**INTERNAL CONTROLS:** Charleston City Council and City management are responsible for establishing and maintaining an internal control structure designed to ensure that the assets of the City are protected from loss, theft or misuse and to ensure adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. The internal control structure is designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that: 1) the cost of a control should not exceed the benefits likely to be derived, and 2) the valuation of costs and benefits requires estimates and judgments by management.

**SINGLE AUDIT:** As a recipient of federal, state and county financial assistance, the City is responsible for ensuring that an adequate internal control structure is in place to ensure compliance with applicable laws and regulations related to those programs. This internal control structure is subject to periodic evaluations by management and the City's internal auditor.

As a part of the City's Single Audit, tests are conducted by the independent auditor to determine the adequacy of the internal control structure, including the portion related to



federal financial assistance programs. They also demonstrate that the City has complied with applicable laws and regulations of its major programs. The results of the Single Audit for the fiscal year ended December 31, 2002 revealed no instances of material weaknesses in the internal control structure or significant violations of applicable laws and regulations.

**BUDGETING CONTROL:** The City of Charleston's government maintains budgetary controls. The objective of these budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Activities of the general fund and enterprise funds are included in the annual budget, but enterprise funds adopt formal budgets for management control purposes only. Expenditures should not exceed appropriations at the fund level. The City maintains an encumbrance accounting system as one technique of accomplishing budgetary control, and unencumbered amounts lapse at year-end. Generally encumbrances are re-appropriated as part of the following year's budget.

### **OTHER INFORMATION**

**AWARDS:** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Charleston for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended December 31, 2001. The Certificate of Achievement is a prestigious national award recognizing conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized comprehensive annual financial report, which conforms to program standards. Such CAFR must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. The City of Charleston has received a Certificate of Achievement for the last thirteen consecutive years. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to GFOA for evaluation.

The Government Finance Officers Association of the United States and Canada presented a Distinguished Budget Presentation Award to the City of Charleston for its annual budget for the fiscal year beginning January 1, 2003. In order to receive this award, a governmental unit must publish a document that meets program criteria as a policy document, as an operations guide, as a financial plan, and as a communications device. This award has also been received by the City for its annual budget for the fiscal years beginning January 1, 2000, 2001 and 2002; 2000 marked the City's first ever submission to the GFOA for the budget award.

## **ACKNOWLEDGMENTS**

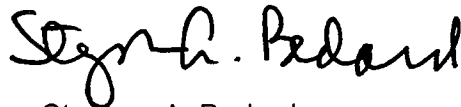
The preparation of this report could not have been accomplished without the dedicated services of a highly qualified staff. The City of Charleston has such a staff in its Finance, Budget & Management, and Internal Audit divisions. I would like to express my appreciation to the personnel within these divisions for their professionalism and hard work.

I also acknowledge the efforts of other City departments in following good financial management practices and providing information and assistance during the preparation of this report. Without the day-to-day efforts to maintain sound business practices within these departments, the City would not be in the excellent fiscal shape it finds itself in today.

I acknowledge the professional and timely manner in which the audit was conducted by the capable staff of our independent auditors of Bryan, Truesdale, Adkins & Williams, PA. This is the third year this firm has audited the City of Charleston, and they have demonstrated continued efforts to improve the auditing process, and provide resources and information on the numerous changes in governmental financial reporting. The firm's personnel were extremely important in the City's successful completion of this CAFR under the provisions of GASB 34.

Finally, I acknowledge Mayor Riley and Members of the Charleston City Council who have consistently supported the City's goal of excellence in all aspects of financial management. Your support is greatly appreciated.

Respectfully submitted,

A handwritten signature in black ink, reading "Stephen A. Bedard". The signature is fluid and cursive, with the first name "Stephen" and last name "Bedard" clearly legible.

Stephen A. Bedard  
Chief Financial Officer

# Financial Section



## ***Independent Auditor's Report***

Honorable Mayor and  
Members of City Council  
**City of Charleston**  
Charleston, South Carolina

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of **City of Charleston, South Carolina** as of and for the year ended December 31, 2002, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of **City of Charleston, South Carolina** management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the **City of Charleston, South Carolina**, as of December 31, 2002, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note III. A, the City has implemented a new financial reporting model, as required by the provisions of GASB Statements No. 34 - *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*; No. 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues – An Amendment of GASB No. 33*; No. 37 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments: Omnibus*; No. 38 – *Certain Financial Statement Note Disclosures*; and Interpretation No. 6 - *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements* as of December 31, 2002.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 3, 2003, on our consideration of **City of Charleston, South Carolina's** internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The management's discussion and analysis on pages 3 through 13, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

Honorable Mayor and  
Members of City Council  
**City of Charleston**  
Charleston, South Carolina  
Page Two

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the **City of Charleston, South Carolina's** basic financial statements. The introductory section, combining nonmajor fund financial statements, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Court Assessments and Surcharges listed in the Table of Contents under Other Financial Information is presented for purposes of additional analysis as required by the State of South Carolina and is not a required part of the basic financial statements. The combining nonmajor fund financial statements and the Schedule of Court Assessments and Surcharges have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

July 3, 2003

## Management's Discussion and Analysis



# City of Charleston Management's Discussion and Analysis (Unaudited)

Fiscal Year Ended December 31, 2002

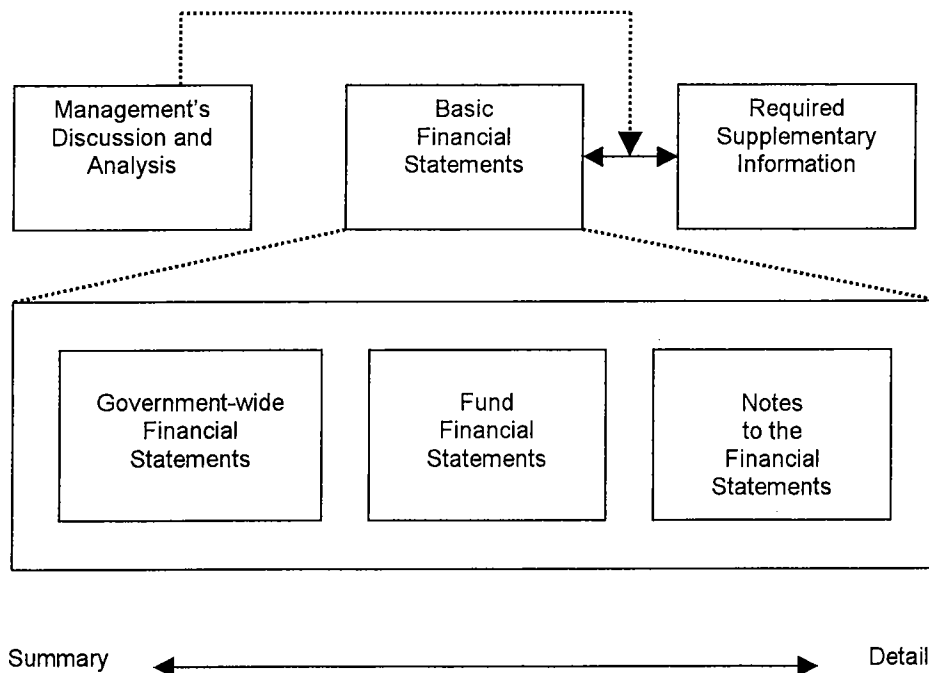
As management of the City of Charleston, we offer the readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended December 31, 2002. We encourage readers to consider the information presented here in conjunction with the accompanying transmittal letter, basic financial statements and the accompanying notes. The City has implemented Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments* (GASB 34), for the first time this year. Accordingly, much of this year's information is not comparable; however, in future years, comparisons will be more meaningful in explaining the City's financial position and results of operations.

## Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three sections: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information to the statements. The following two tables summarize the major features of the City's financial statements, including the portion of the City government they cover and the types of information they contain (Figure 1 and 2).

### Required Components of the City of Charleston's Annual Financial Report

Figure 1



## Major Features of the Government-wide and Fund Financial Statements

**Figure 2**

	Government-wide Statements	Fund Financial Statements		
		Governmental Funds	Proprietary Funds	Fiduciary Funds
Scope	Entire City (except fiduciary funds) and the City's component unit	The activities of the City that are not proprietary funds, such as public safety and parks	Activities operated similar to private businesses, such as the golf course and the ball park	Instances in which the City is the trustee or agent for someone else's resources
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balance</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of net assets</li> <li>• Statement of revenues, expenses, and changes in net assets</li> <li>• Statement of cash flow</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net assets</li> <li>• Statement of changes in fiduciary net assets</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, and short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term	All assets and liabilities, both short-term and long-term; the City's funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues earned and expenses incurred during the year.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter	All revenues and expenses during the year, regardless of when cash is received or paid	All revenues and expenses during the year, regardless of when cash is received or paid

**Government-wide Statements.** The government-wide statements provide a broad view of the City's operations in a manner similar to a private-sector business. The statements provide both short-term and long-term information about the City's financial position. All assets and liabilities of the City are included in the Statement of Net Assets. The Statement of Activities includes all current year revenues and expenses regardless of when cash is paid or received. The two government-wide statements report the City's net assets and how they have changed. Net assets (the difference between the City's assets and liabilities) is one way to measure the City's financial health or position. Over time, increases or decreases in the City's net assets are indicators of the financial health of the City. However, other non-financial factors (i.e., changes in tax base or conditions of infrastructure, etc.) need to be considered in assessing the overall health as well.



The government-wide financial statements of the City are divided into three categories: governmental activities, business-type activities and a discretely presented component unit.

- Governmental activities - Most of the City services are included here, such as police, fire, public service, parks, recreation and general administration. Most of these activities are funded by sales and property taxes, charges for services, and state and federal grants.
- Business-type activities - The City charges fees to help cover the costs of certain services it provides to the citizens. The City's municipal golf course is an example of a business-type activity.
- Discretely presented component unit - The City includes the *Commissioners of Public Works of the City of Charleston, SC* (CPW) in its report. CPW is considered a major component unit, because of the relative size of CPW's assets, liabilities, revenues and expenses in relation to the City. Additionally, it is the only component unit and operates similar to the business-type activities described above. The complete financial statements for CPW can be obtained upon request. (See information as disclosed in the notes to the financial statements.)

**Fund Financial Statements.** These statements provide more detailed information about the City's most significant funds – not the City as a whole. Funds are defined as groupings of related accounts that the City uses to keep track of specific sources of funding and spending for particular purposes. Some of these funds are required by State law, grants, or bond covenants. The City has established other funds to control and manage money for specific purposes (i.e., accommodations tax or capital project funds) or to show that it is meeting its legal or contractual responsibilities. The City has three kinds of funds:

- Governmental Funds - These funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. Most of the City's basic services are reported in the governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government-wide statements, additional information is provided to reconcile the two types of statements.
- Proprietary Funds - Services for which the City charges customers a fee are generally reported in proprietary funds. Proprietary funds, like the government-wide statements, provide both long and short-term financial information. These funds are similar to the government-wide business-type activities, but provide more detail and additional information, such as a cash flow statement.
- Fiduciary Funds - The City is the trustee for a pension trust. It is also responsible for other assets as a custodian for an insurance fund. The City is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The City reports its fiduciary activities in a separate statement of fiduciary net assets and a statement of changes in fiduciary net assets. The City excludes these activities from the City's government-wide financial statements because the City cannot use these assets to finance its operations.

**Notes to the Financial Statements.** The notes provide additional information that is essential to understand the data provided in the government-wide and fund financial statements.

**Other Information.** In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information that includes this analysis and the General Fund budgetary comparison. The General Fund budgetary comparison is presented as part of the basic governmental fund financial statements.

Additionally, the combining statements, which include nonmajor governmental and enterprise funds, as well as the capital assets used in the operation of governmental funds and the statistical section are presented. As required by the State, the City also presents a Schedule of Court Assessments and Surcharges.

## Government-wide Financial Analysis

**Net Assets.** This fiscal year is the first year of implementation of GASB 34. In future years, a comparative analysis of government-wide data will be presented. (See Figure 3 for current year net assets.)

**Figure 3**

### Net Assets of Primary Government December 31, 2002

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
Current, restricted and other assets	\$ 103,809,867	\$ 1,675,207	\$ 105,485,074
Capital assets	207,402,369	83,090,707	290,493,076
Total Assets	311,212,236	84,765,914	395,978,150
Long-term liabilities outstanding	85,024,834	36,555,224	121,580,058
Other liabilities	37,333,405	3,629,259	40,962,764
Total Liabilities	122,358,339	40,184,483	162,542,822
Net Assets:			
Invested in capital assets, net of related debt	125,027,662	44,360,034	169,387,696
Restricted	1,199,590	-	1,199,590
Unrestricted	62,626,645	221,397	62,848,042
Total Net Assets	\$ 188,853,897	\$ 44,581,431	\$ 233,435,328

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. At December 31, 2002, the City's assets exceeded liabilities by \$233,435,328. The City's combined net assets increased by \$19.6 million or nine percent during 2002. This improvement can be primarily attributed to governmental activities that increased \$18.5 million. The governmental activities capital assets increased by a net amount of \$12.1 million. Additionally, the overall long-term debt for the governmental activities decreased by \$5.3 million due to current year bond payments plus the City issued no new bonds in 2002. The significant increase in net assets was a result of continued budget controls, lower than expected healthcare costs, higher than budgeted revenues related to licenses, fees & permits, and excellent property tax revenues due to an increased tax base. The business-type activities net assets increased primarily due to improved operations at the Parking Facilities.

**Change in Net Assets.** This fiscal year is the first year of implementation of GASB 34. In future years, when detailed prior year information is available, a comparative analysis of government-wide data will be presented. (See Figure 4 for current year activity.)

**Figure 4**

**Changes in Net Assets of Primary Government  
For the Year Ended December 31, 2002**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Revenues:</b>			
Program revenues:			
Charges for services	\$ 26,738,769	\$ 15,215,717	\$ 41,954,486
Operating grants and contributions	5,190,891	-	5,190,891
Capital grants and contributions	7,330,042	-	7,330,042
General revenues:			
Property taxes	44,337,122	-	44,337,122
Hospitality taxes	5,654,260	-	5,654,260
Accommodations taxes	5,838,766	-	5,838,766
Other taxes	4,213,839	-	4,213,839
Grants and contributions not restricted	13,119,914	-	13,119,914
Other revenues	2,172,083	23,932	2,196,015
Total revenues	114,595,686	15,239,649	129,835,335
<b>Expenses:</b>			
General government	21,719,929	-	21,719,929
Public safety	41,851,007	-	41,851,007
Public service	8,501,316	-	8,501,316
Urban and community develop.	5,692,465	-	5,692,465
Culture and recreation	11,452,377	-	11,452,377
Community promotion	1,332,511	-	1,332,511
Health and welfare	742,456	-	742,456
Economic development and assistance	77,117	-	77,117
Interest and fiscal charges	5,343,376	-	5,343,376
Parking Facilities	-	9,155,397	9,155,397
Joseph P. Riley, Jr. Baseball Park	-	867,982	867,982
Angel Oak	-	126,547	126,547
Charleston Visitor Center	-	701,093	701,093
City Market	-	73,638	73,638
Municipal Auditorium	-	1,181,644	1,181,644
Municipal Golf Course	-	1,282,679	1,282,679
Slave Mart Museum	-	80,098	80,098
Total expenses	96,712,554	13,469,078	110,181,632
Increase in net assets before transfers	17,883,132	1,770,571	19,653,703
Transfers	664,294	(664,294)	-
Increase in net assets	18,547,426	1,106,277	19,653,703
Net assets, beginning	170,306,471	43,475,154	213,781,625
Net assets, ending	\$ 188,853,897	\$ 44,581,431	\$ 233,435,328

## Financial Analysis of City Funds

### Governmental Funds

The following schedule presents a summary of all governmental funds revenues and other financing sources for the fiscal year ended December 31, 2002 (expressed in thousands) and the amount and percentage of increases and decreases in relation to prior year revenues:

Figure 5

Revenues	Amount	Percent of Total	Increase (Decrease) from 2001	Percent Increase (Decrease)
Property taxes	\$ 40,193	26.7 %	\$ 860	2.2 %
Taxes-other	11,128	7.4 %	3,351	43.1 %
Licenses, permits & fees	28,934	19.2 %	(410)	(1.4) %
Fines & forfeitures	2,265	1.5 %	(34)	(1.5) %
Intergovernmental	20,677	13.7 %	1,387	7.2 %
Charges for services	685	0.5 %	33	5.1 %
Use of monies & property	3,176	2.1 %	(1,170)	(26.9) %
Donations & settlements	549	0.4 %	(1,646)	(75.0) %
Other	1,675	1.1 %	372	28.5 %
<b>Other Financing Sources</b>				
Operating transfers in	19,612	13.0 %	2,052	11.7 %
Operating transfers in from Component Unit	1,095	0.7 %	-	-
Bonds & notes proceeds	17,967	11.9 %	2,533	16.4 %
Capital lease proceeds	2,615	1.7 %	(348)	(11.7) %
<b>Total</b>	<b>\$ 150,571</b>	<b>100.0%</b>	<b>\$ 6,980</b>	<b>4.9 %</b>

The most significant increases in revenues and other financing sources were in the taxes-other and bonds & notes proceeds categories. In the taxes-other category, the majority of the increase (\$2.4 million) was taxes collected in the King Street Gateway TIF district. The King Street Gateway TIF taxes were previously included in the property taxes category in prior years. The 16.4% increase in the bonds & notes proceeds category was related to the City refunding two tax increment financing (TIF) bonds.

The largest decreases in revenues and other financing sources were in the use of monies & property, and donations & settlements categories. Revenues from use or disposition of monies and property decreased significantly due to declining investment yields and several smaller decreases in various funds. The largest decrease was approximately \$300,000 in land sales from 2001 to 2002. The following funds experienced smaller decreases in the use of monies and property: Francis Marion Hotel, Certificate of Participation, Governor's Park, and King Street Gateway TIF. Donations & settlements decreased in 2002 in the Governor's Park fund by \$1.2 million related to the completion and opening of the park in 2001. This comprises the majority of the \$1.6 million decrease.

The following schedule presents a summary of all governmental funds expenditures and other financing uses for the fiscal year ended December 31, 2002 (expressed in thousands) and the percentage of increases and decreases in relation to prior year amounts:

**Figure 6**

<b>Expenditures</b>	<b>Amount</b>	<b>Percent of Total</b>	<b>Increase (Decrease) from 2001</b>	<b>Percent Increase (Decrease)</b>
<b>Current:</b>				
General government	\$ 19,393	13.5 %	\$(2,811)	(12.7) %
Public safety	40,171	27.9 %	2,161	5.7 %
Public service	8,021	5.6 %	897	12.6 %
Urban & community development	5,476	3.8 %	510	10.3 %
Culture & recreation	11,371	7.9 %	1,376	13.8 %
Community promotions	1,329	0.9 %	98	8.0 %
Health & welfare	741	0.5 %	31	4.4 %
Economic development & assistance	77	0.1 %	22	40.0 %
Capital outlay	7,053	4.9 %	(12,695)	(64.3) %
<b>Debt Service:</b>				
Principal	8,864	6.2 %	3,184	56.1 %
Interest & fiscal charges	5,466	3.8 %	(83)	(1.5) %
<b>Other Financing Uses</b>				
Operating transfers out	18,947	13.2 %	1,554	8.9 %
Payment to escrow agent	16,967	11.8 %	13,904	453.9 %
<b>Total</b>	<b>\$ 143,876</b>	<b>100.0 %</b>	<b>\$ 8,148</b>	<b>6.0 %</b>

The most significant increases in expenditures and other financing uses were in the principal retirements and payment to escrow agent categories. The principal retirement expenditures are based upon debt schedules and the refunding of two bonds. In 2002, the lease purchase principal payments for approximately \$2.6 million are included in debt service principal payments rather than non-departmental/general government expenditures. The payment to escrow agents of \$16.9 million relates to the refunding of the two special redevelopment bonds.

The largest decrease in expenditures and other financing uses was in the capital outlay category. This is attributed to significant capital additions in 2001 that included Governor's Park, portions of the West Ashley Park, Marion Square Renovation and portions of the King Street Gateway project. Additionally, the general government expenditures fluctuated in 2002. In 2002 as part of the implementation of GASB 34, the non-departmental expenditures were included in general government expenditures; except, as noted above, the lease purchase principal payments are included in the debt service principal payments. Thus excluding this change, the general government expenditures actually increased over \$1 million.

**General Fund.** As shown in Exhibit 5 of the Financial Statements, the fund balance of the General Fund increased by 23%; the \$3,688,498 change resulted in a \$3,566,436 increase in the undesignated fund balance. The significant increase in fund balance was the result of continued budget controls, lower than expected healthcare costs, higher than expected revenues related to licenses, fees & permits and excellent property tax revenues due to an increased tax base.

**Parks, Recreation & Public Safety.** This fund accounts for various capital projects funded by various General Obligation Bonds, a portion of the Hospitality Fee and assets purchased under the City's lease purchase program. The fund balance increased by 14%; the \$1,521,208 change resulted in a \$1,026,961 increase in the undesignated fund balance. The largest fluctuation in this fund relates to capital outlay because of timing of various construction projects. The capital outlay in 2001 was approximately \$9.5 million compared to \$4.6 million in 2002. The capital outlay in 2002 includes improvements to Liberty Park and Martin Park, with the most significant expenditure of \$3.8 million at Marion Square.

There are no significant restrictions, commitments or other limitations significantly affecting the availability of governmental fund resources for future use.

### **Proprietary Funds**

The City's enterprise operations include the following funds: Angel Oak, Charleston Visitor Center, City Market, Joseph P. Riley, Jr. Baseball Park, Municipal Auditorium, Municipal Golf Course, Parking Facilities and Slave Mart Museum. The major funds are the Joseph P. Riley, Jr. Baseball Park and the Parking Facilities. The Parking Facilities fund had the most significant change.

**Parking Facilities.** The Parking Facilities had an increase of approximately \$370,000 in operating income. This is attributed to an increase in parking meter revenues and an overall increase in the garage revenues. The management and collection of the parking meter revenues was out-sourced in 2002 allowing the City more time to maintain and repair the meters. The net assets increased in Parking Facilities by \$1.9 million.

**Joseph P. Riley, Jr. Baseball Park.** There were no significant fluctuations from 2001 to 2002 in this fund. The net assets had a decrease of 2.6% and the operating income decreased respectively by only 2.2% from 2001 to 2002.

There are no significant restrictions, commitments or other limitations that affect the availability of proprietary fund resources for future use.

### **General Fund Budgetary Highlights**

The annual General Fund budget is a fiscal plan, which represents the services to be provided to the community and describes the resources needed to perform these services. The City's budget is divided into four phases: Budget Preparation, Integration, Presentation and Passage, and Execution. When it is anticipated that the General Fund expenditures will exceed the budget at the fund level, a budget amendment is required. This process is initiated by the Chief Financial Officer, approved by the Mayor, and then prepared and presented to City Council. The budget amendment must be adopted during public meetings by ordinance. Upon approval of City Council, supplemental revenues and expenditures outlined in the ordinance are added to the original budget and included in the amended budget.

The 2002 budget was amended on December 17, 2002. During fiscal year 2002, the revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance for the budget amendment. The final budgeted column as shown in the financial statements also includes prior year outstanding encumbrances that roll forward. The change between the original and final budget results in budgeted expenditures increasing by approximately \$800,000 and transfers out by approximately \$2.2 million. With the increased budgeted expenditures, the City purchased 3 garbage trucks and a fire pumper truck for approximately \$650,000. These were planned purchases that were expedited into fiscal year 2002 saving the City \$55,000 in interest expense. Additionally, the City increased the capital improvement expenditures by approximately \$1.9 million for the sidewalks in the Enterprise zone, the sea wall study and repair, structural work at the Meeting Street fire station, and a new fire alarm at the Municipal Auditorium. Finally, the City was aggressive and transferred \$250,000 to the Maritime Center fund to pay off the PRC Master Lease early.

The most significant budget to actual revenue variances (in dollars) include positive variances of \$1.1 million or 3% in property taxes and \$2.8 million or 13% in licenses, fees and permits. With regards to property taxes, the tax base and the collection rates were higher than expected. The City was conservative and budgeted a small decline in 2002 for business licenses and building permits due to economic uncertainty. However, collections for both exceeded the budget for 2001. There were no significant expenditure variances (in dollars) for fiscal year 2002.

## **Capital Assets and Debt Administration**

Capital assets are those assets (fixed and infrastructure) that are used in the performance of the City's functions. At December 31, 2002, net capital assets of governmental activities totaled \$207,402,369 and the net capital assets of the business-type activities totaled \$83,090,707.

**Fixed Assets.** The City invested \$17,185,861 in fixed assets including land, buildings, vehicles and equipment in 2002 for a total of \$309,720,181. The most significant additions included machines and equipment in the Police and Sanitation departments, and improvements to Market Head Hall and Marion Square. Also \$3.9 million was added to construction in progress. See the listing of projects in Note III. H. of the Notes to the Financial Statements. Accumulated depreciation on fixed assets at December 31, 2002 was \$45,941,660. Total depreciation expense for the year was \$5,898,570.

**Infrastructure Assets.** An infrastructure capital asset is defined as a long-lived capital asset that is normally stationary in nature and normally preserved for a significantly greater number of years. During 2002, City Council approved an Infrastructure Capital Asset Policy. Capitalization of an asset is a financial reporting issue and the infrastructure capitalization threshold was established by City Council at \$500,000. As such, the City has added infrastructure capital assets purchased in 2002 for networks with anticipated overall historical thresholds over \$500,000. The City has established infrastructure networks to include the following: Bridges and Tunnels, Drainage, Parking Meters, Signs, Streets (including curbs and gutters), Sidewalks, and Traffic Systems.

The City has added all infrastructure assets for 2002 and the historical infrastructure assets for the following networks: Drainage, Bridges, and Parking Meters. The City anticipates adding the other networks during fiscal years 2003 and 2004.

The City's infrastructure assets of \$27,821,833 include \$5,090,473 of additions in 2002. The majority of the additions were \$4.4 million of streets and \$600,000 in sidewalks. Accumulated depreciation at December 31, 2002 was \$1,107,278 for infrastructure; total depreciation expense for the year was \$516,315.

More detailed information on capital assets is provided in the accompanying Notes and Supplementary Schedules to the Financial Statements.

**Long-Term Debt.** On December 31, 2002, the City had \$53,882,476 in general obligation bonds and \$16,966,668 in special redevelopment bonds. A bond rating of AA+ from Standard & Poor's Rating Group has been maintained since 2001 when it was upgraded from AA. A bond rating of at least Aa from Moody's Investment Services has been maintained since 1990 when it was upgraded. In May 2000 Moody's upgraded the City's bond rating again from Aa<sub>3</sub> to Aa<sub>2</sub> because of the City's regional importance as a trade and tourism center, moderate debt position and satisfactory financial position. These ratings are the highest for any municipality in the State of South Carolina, an honor shared with the City of Greenville. Under current state statutes, the City's non-referendum bonds issued after November 30, 1977 are subject to a legal limitation based on 8% of the total assessed value of real and personal property. As of December 31, 2002, Charleston's available legal debt margin was \$18.6 million (see Table 9 of the Statistical Section for this calculation). During 2002, the City refunded both special redevelopment bonds, the \$4,400,000 Waterfront TIF and the \$12,966,667 King Street Gateway TIF. No new additional bonds were issued in 2002. In January 2003, the City refunded approximately \$21 million of Certificates of Participation debt. More detailed information on long-term debt is provided in the accompanying Notes to the Financial Statements.

## **Economic Factors and Next Year's Budget**

The fiscal year 2003 operating budget of \$106,577,769 is balanced and represents an increase of 2.6% from the fiscal year 2002 budget. This rate of increase is less than in recent years in an effort to produce a lean budget. The City recognizes the uncertain existing conditions in the state and national economies. However, the City has a diverse source of local revenues that continue to remain strong. These include the local option sales tax, municipal accommodations tax, and hospitality fees which remain strong due to our strength as a world-class vacation destination. As such, the City has struck a balance between being unrealistically optimistic and being overly conservative in the revenue projections.

The 2003 expenditure budget focuses on the following: improving the already highly rated police and fire departments, improving the municipal environmental services, maintaining strongly funded capital asset improvements, and continuing to be an employer of choice. In 2003, the City will invest approximately \$2.2 million in police and fire vehicles and 5 additional positions. Investments in the environmental services department include adding 20 new positions and \$1.2 million in equipment. Capital



asset improvements include increases of over \$2 million with the significant focus on sidewalk repairs, neighborhood traffic calming efforts, routine maintenance on City facilities, code enforcement, and parking garages. Employees at the City received a 2.2% cost of living increase, as well as an additional paid holiday, Veterans Day. The City also provided an additional million dollars for healthcare funding in order to maintain the same level of healthcare coverage for employees and their dependents.

Overall, the City's financial position and next year's economic forecast remain strong. This was confirmed in the most recent credit rating (December 2002) from Moody's Investors Service that commented, "the rating (Aa<sub>2</sub> overall) and outlook also reflect the City's regional importance as a tourism center, southeastern port and medical outlet for southeastern South Carolina; a financial position is expected to remain solid; and a modest debt position" and "...satisfactory position remains stable due to conservative management and resilient tourism sector."

## **Requests for Information**

This financial report is designed to provide the users (citizens, taxpayers, customers, investors and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. If you have any questions about this report, the separate report of the City's component unit or need any additional financial information, contact the Office of Budget, Finance and Revenue Collections by mail at P.O. Box 304, Charleston, South Carolina 29402, or by phone at (843) 579-7529.

## Basic Financial Statements



**CITY OF CHARLESTON, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2002**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	CPW
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 38,019,320	\$ 5,710,127	\$ 43,729,447	\$ 66,767,822
Investments	7,486,131	-	7,486,131	29,216,341
Receivables, net of allowances:				
Property taxes	27,965,205	-	27,965,205	-
Accounts	870,350	333,297	1,203,647	7,787,599
Federal government	1,475,931	-	1,475,931	-
State and local governments	7,112,549	-	7,112,549	84,093
Notes - current portion	113,319	-	113,319	28,157
Note from primary government - current portion	-	-	-	60,456
Interest	135,055	-	135,055	333,553
Other	3,857,860	220,088	4,077,948	1,248,079
Pension trust fund	496,102	-	496,102	-
Internal balances	5,826,895	(5,826,895)	-	-
Due from component unit	317,508	-	317,508	-
Inventories, at cost	182,072	102,504	284,576	2,235,003
Prepaid items and deposits	150,685	926,367	1,077,052	239,918
<b>Total current assets</b>	<b>94,008,982</b>	<b>1,465,488</b>	<b>95,474,470</b>	<b>108,001,021</b>
<b>Restricted assets</b>				
Cash and cash equivalents	3,768,719	-	3,768,719	26,975,833
Investments	1,000,000	-	1,000,000	11,257,720
Mortgages	1,652,346	-	1,652,346	-
Accrued interest receivable	-	-	-	133,591
<b>Total restricted assets</b>	<b>6,421,065</b>	<b>-</b>	<b>6,421,065</b>	<b>38,367,144</b>
<b>Noncurrent assets</b>				
Capital assets:				
Nondepreciable	68,764,240	11,062,880	79,827,120	88,680,686
Depreciable, net of accumulated depreciation	138,638,129	72,027,827	210,665,956	430,980,716
Other assets:				
Notes receivable - noncurrent portion	3,339,633	-	3,339,633	95,323
Note receivable from primary government - noncurrent portion	-	-	-	730,168
Bond issuance costs, net of accumulated amortization	40,187	209,719	249,906	3,033,190
<b>Total noncurrent assets</b>	<b>210,782,189</b>	<b>83,300,426</b>	<b>294,082,615</b>	<b>523,520,083</b>
<b>Total assets</b>	<b>311,212,236</b>	<b>84,765,914</b>	<b>395,978,150</b>	<b>669,888,248</b>

(continued)

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2002**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	CPW
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	\$ 4,283,346	\$ 535,593	\$ 4,818,939	\$ 5,129,759
Assets held for others	47,782	-	47,782	-
Accrued salaries, wages and benefits	1,914,921	31,684	1,946,605	710,852
Accrued interest payable	1,959,799	482,508	2,442,307	-
Current portion of long-term obligations:				
Notes payable	490,353	-	490,353	-
Note payable to component unit	60,456	-	60,456	-
General obligation bonds	2,990,900	1,375,500	4,366,400	-
Certificates of participation	896,520	343,480	1,240,000	-
Revenue bonds	570,626	573,796	1,144,422	-
Redevelopment bonds	1,553,693	-	1,553,693	-
Capital leases	2,717,139	-	2,717,139	102,712
Due to federal government	945,000	-	945,000	-
Claims and judgments payable	3,509,775	-	3,509,775	720,000
Compensated absences payable	117,210	3,157	120,367	2,433,864
Other accrued liabilities	161,380	-	161,380	-
Deposits	353,968	283,541	637,509	506,503
Due to state and local governments	379,594	-	379,594	1,369,582
Due to primary government	-	-	-	317,508
Deferred revenue	881,043	-	881,043	-
Tax anticipation note	13,500,000	-	13,500,000	-
<b>Total current liabilities</b>	<b>37,333,505</b>	<b>3,629,259</b>	<b>40,962,764</b>	<b>11,290,780</b>
<b>Payable from restricted assets</b>				
Revenue bonds	-	-	-	10,265,000
Accrued interest	-	-	-	7,457,872
<b>Total payable from restricted assets</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>17,722,872</b>
<b>Noncurrent liabilities</b>				
Notes payable	4,313,327	-	4,313,327	-
Note payable to component unit	730,168	-	730,168	-
General obligation bonds	33,152,402	16,363,674	49,516,076	-
Certificates of participation	14,832,345	5,504,011	20,336,356	-
Revenue bonds	6,349,151	14,570,212	20,919,363	282,219,936
Redevelopment bonds	15,412,975	-	15,412,975	-
Capital leases	4,115,976	-	4,115,976	287,031
Due to federal government	515,000	-	515,000	-
Claims and judgments payable	1,358,916	-	1,358,916	-
Compensated absences payable	4,244,574	117,327	4,361,901	108,476
<b>Total noncurrent liabilities</b>	<b>85,024,834</b>	<b>36,555,224</b>	<b>121,580,058</b>	<b>282,615,443</b>
<b>Total liabilities</b>	<b>122,358,339</b>	<b>40,184,483</b>	<b>162,542,822</b>	<b>311,629,095</b>

(continued)

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2002**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	CPW
<b>Net assets</b>				
Invested in capital assets, net of related debt	\$ 125,027,662	\$ 44,360,034	\$ 169,387,696	\$ 228,861,643
Restricted for:				
Capital projects	365,672	-	365,672	128,399
Debt service	833,918	-	833,918	14,559,406
Other	-	-	-	1,416,548
Unrestricted	62,626,645	221,397	62,848,042	113,293,157
<b>Total net assets</b>	<b>\$ 188,853,897</b>	<b>\$ 44,581,431</b>	<b>\$ 233,435,328</b>	<b>\$ 358,259,153</b>

The accompanying notes are an integral part of this financial statement.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2002**

	Net (Expense) Revenue and Changes in Net Assets							
	Program Revenues				Primary Government			Component Unit
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	CPW
<b>Primary Government</b>								
<b>Governmental activities:</b>								
General government	\$ 21,719,929	\$ 20,338,112	\$ -	\$ 4,835,540	\$ 3,453,723	\$ -	\$ 3,453,723	\$ -
Public safety	41,851,007	3,456,696	986,650	-	(37,407,661)	-	(37,407,661)	-
Public service	8,501,316	2,813	-	-	(8,498,503)	-	(8,498,503)	-
Urban and community development	5,692,465	256,290	3,058,406	610,502	(1,767,267)	-	(1,767,267)	-
Culture and recreation	11,452,377	2,060,736	788,471	1,316,339	(7,286,831)	-	(7,286,831)	-
Community promotions	1,332,511	624,122	-	133,928	(574,461)	-	(574,461)	-
Health and welfare	742,456	-	357,364	433,733	48,641	-	48,641	-
Economic development and assistance	77,117	-	-	-	(77,117)	-	(77,117)	-
Interest and fiscal charges	5,343,376	-	-	-	(5,343,376)	-	(5,343,376)	-
<b>Total governmental activities</b>	<b>96,712,554</b>	<b>26,738,769</b>	<b>5,190,891</b>	<b>7,330,042</b>	<b>(57,452,852)</b>	<b>-</b>	<b>(57,452,852)</b>	<b>-</b>
<b>Business-type activities:</b>								
Parking facilities	9,155,397	12,194,768	-	-	-	3,039,371	3,039,371	-
J.P. Riley, Jr. Baseball Park	867,982	230,041	-	-	-	(637,941)	(637,941)	-
Angel Oak	126,547	139,838	-	-	-	13,291	13,291	-
Charleston Visitor Center	701,093	536,977	-	-	-	(164,116)	(164,116)	-
City Market	73,638	464,312	-	-	-	390,674	390,674	-
Municipal Auditorium	1,181,644	345,972	-	-	-	(835,672)	(835,672)	-
Municipal Golf Course	1,282,679	1,303,809	-	-	-	21,130	21,130	-
Slave Mart Museum	80,098	-	-	-	-	(80,098)	(80,098)	-
<b>Total business-type activities</b>	<b>13,469,078</b>	<b>15,215,717</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>1,746,639</b>	<b>1,746,639</b>	<b>-</b>
<b>Total primary government</b>	<b>\$ 110,181,632</b>	<b>\$ 41,954,486</b>	<b>\$ 5,190,891</b>	<b>\$ 7,330,042</b>	<b>(57,452,852)</b>	<b>1,746,639</b>	<b>(55,706,213)</b>	<b>-</b>
<b>Component Unit</b>								
Commissioners of Public Works	\$ 63,289,537	\$ 67,424,822	\$ -	\$ 26,823,763	-	-	-	30,959,048

**General revenues:**

## Taxes:

Property, including tax increment financing districts	44,337,122	-	44,337,122	-
Hospitality	5,654,260	-	5,654,260	-
Accommodations	5,838,766	-	5,838,766	-
Franchise	4,063,015	-	4,063,015	-
Penalties	150,824	-	150,824	-
Grants and contributions not restricted to specific programs	13,119,914	-	13,119,914	-
Unrestricted revenue from use of money and property	1,516,047	23,932	1,539,979	4,020,440
Gain (loss) on sale of assets	619,822	-	619,822	(36,195)
Miscellaneous	36,214	-	36,214	628,446
<b>Transfers</b>	<u>664,294</u>	<u>(664,294)</u>	<u>-</u>	<u>-</u>
 Total general revenues and transfers	 <u>76,000,278</u>	 <u>(640,362)</u>	 <u>75,359,916</u>	 <u>4,612,691</u>
 Change in net assets	 18,547,426	 1,106,277	 19,653,703	 35,571,739
<b>Net assets:</b>				
Beginning of year, as restated	<u>170,306,471</u>	<u>43,475,154</u>	<u>213,781,625</u>	<u>322,687,414</u>
 End of year	 <u>\$ 188,853,897</u>	 <u>\$ 44,581,431</u>	 <u>\$ 233,435,328</u>	 <u>\$ 358,259,153</u>

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2002**

	General	Parks, Recreation & Public Safety	Other Governmental Funds	Total
<b>Assets</b>				
Cash and cash equivalents	\$ 2,126,705	\$ 12,610,112	\$ 23,282,502	\$ 38,019,319
Investments	-	-	7,486,131	7,486,131
Receivables, net of allowances:				
Property taxes	27,092,291	-	872,914	27,965,205
Accounts	-	-	870,350	870,350
Federal government	3,250	8,856	1,463,825	1,475,931
State and local governments	6,013,743	7,619	1,091,187	7,112,549
Mortgages and other notes	-	-	3,452,952	3,452,952
Interest	-	-	65,271	65,271
Other	126,809	34,933	388,156	549,898
Property held for sale	-	-	918,223	918,223
Due from other funds	8,839,803	-	735,589	9,575,392
Due from component unit	-	-	317,508	317,508
Inventories, at cost	175,112	-	6,960	182,072
Prepaid items	5,228	-	10,800	16,028
Restricted:				
Cash and cash equivalents	-	1,300,340	2,468,379	3,768,719
Investments	-	-	1,000,000	1,000,000
<b>Total assets</b>	<b>\$ 44,382,941</b>	<b>\$ 13,961,860</b>	<b>\$ 44,430,747</b>	<b>\$ 102,775,548</b>
<b>Liabilities and Fund Balances</b>				
<b>Liabilities</b>				
Accounts payable	\$ 2,082,275	\$ 661,349	\$ 1,539,722	\$ 4,283,346
Assets held for others	47,782	-	-	47,782
Accrued salaries, wages and benefits	1,894,191	-	20,730	1,914,921
Accrued interest payable	241,495	-	-	241,495
Claims and judgments payable	2,316,775	-	-	2,316,775
Compensated absences payable	115,104	-	2,105	117,209
Other accrued liabilities	43,925	-	117,455	161,380
Deposits	-	-	353,968	353,968
Payable to federal government	-	-	1,460,000	1,460,000
Payable to state and local governments	376,436	-	3,159	379,595
Due to other funds	157,658	595,077	2,499,660	3,252,395
Deferred revenues	3,768,966	-	633,833	4,402,799
Bonds and notes payable:				
Tax anticipation notes	13,500,000	-	-	13,500,000
<b>Total liabilities</b>	<b>24,544,607</b>	<b>1,256,426</b>	<b>6,630,632</b>	<b>32,431,665</b>

(continued)



**CITY OF CHARLESTON, SOUTH CAROLINA**  
**BALANCE SHEET**  
**GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2002**

	General	Parks, Recreation & Public Safety	Other Governmental Funds	Total
<b>Liabilities and Fund Balances (continued)</b>				
<b>Fund Balances</b>				
Reserved for:				
Encumbrances	\$ 399,915	\$ -	\$ -	\$ 399,915
Prepays and inventories	180,340	-	17,760	198,100
Drainage projects	365,672	-	-	365,672
Future capital lease acquisitions	-	1,300,340	-	1,300,340
Debt service	-	-	3,302,297	3,302,297
Noncurrent receivables	-	-	3,452,952	3,452,952
Other	-	-	108,113	108,113
Unreserved:				
Designated for subsequent years' appropriations/operations	1,959,042	-	709,409	2,668,451
Undesignated, reported in:				
General fund	16,933,365	-	-	16,933,365
Special revenue funds	-	-	14,080,995	14,080,995
Capital projects funds	-	11,405,094	16,128,589	27,533,683
<b>Total fund balances</b>	<b>19,838,334</b>	<b>12,705,434</b>	<b>37,800,115</b>	<b>70,343,883</b>
 <b>Total liabilities and fund balances</b>	 <b>\$ 44,382,941</b>	 <b>\$ 13,961,860</b>	 <b>\$ 44,430,747</b>	 <b>\$ 102,775,548</b>

The accompanying notes are an integral part of this financial statement.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS**  
**TO THE STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2002**

**Total governmental fund balances** **\$ 70,343,883**

Amounts reported for governmental activities in the statement of net assets are different because of the following:

Capital assets used for governmental activities are not financial resources and therefore are not reported in governmental funds. The cost of assets is \$241,036,327 and the accumulated depreciation is \$34,552,181. 206,484,146

Other long-term assets are not available to pay for current period expenditures and therefore are not reported or are deferred in the funds:

Property taxes	\$ 2,598,644	
State aid to subdivisions	1,285,613	
Mortgages and notes receivable	1,652,346	
Pledges	66,667	
Franchise fees receivable	3,241,294	
Interest	69,784	
Bond issuance costs	40,187	
		8,954,535

Disbursements for maintenance agreements reflected in the funds cover periods extending beyond year end. 134,657

Long-term liabilities, including bonds payable and accrued interest, are not due and payable in the current period and therefore are not reported in the funds.

Notes payable	\$ (4,803,680)	
Note payable to component unit	(790,624)	
General obligation bonds	(36,143,302)	
Certificates of participation	(15,728,865)	
Revenue bonds	(6,919,777)	
Redevelopment bonds	(16,966,668)	
Capital leases	(6,833,115)	
Claims and judgments payable	(2,551,916)	
Compensated absences payable	(4,244,574)	
Accrued interest	(1,718,303)	
		(96,700,824)

The funds reflect multi-year real estate rental agreements for which revenues are deferred and amortized over the period of the agreement in the statement of net assets. (362,500)

**Net assets of government activities** **\$ 188,853,897**

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2002**

	General	Parks, Recreation & Public Safety	Other Governmental Funds	Totals Governmental Funds
<b>Revenues</b>				
Property taxes	\$ 39,235,908	\$ -	\$ 957,090	\$ 40,192,998
Taxes - other	-	-	11,128,299	11,128,299
Licenses, fees and permits	25,244,372	-	3,689,522	28,933,894
Fines and forfeitures	2,097,482	-	167,422	2,264,904
Intergovernmental - federal	21,050	117,164	4,142,723	4,280,937
Intergovernmental - state and local				
Local option sales tax	9,391,322	-	-	9,391,322
Other	3,071,221	433,823	3,499,516	7,004,560
Charges for services	685,014	-	-	685,014
Revenues from use or disposition of monies and property	742,634	155,583	2,278,229	3,176,446
Donations and settlements	-	124,962	423,907	548,869
Other	312,834	-	1,361,852	1,674,686
<b>Total revenues</b>	<b>80,801,837</b>	<b>831,532</b>	<b>27,648,560</b>	<b>109,281,929</b>
<b>Expenditures</b>				
Current				
General government	15,833,567	122,104	3,437,093	19,392,764
Public safety	39,152,772	-	1,018,515	40,171,287
Public service	7,663,427	-	357,721	8,021,148
Urban and community development	2,413,335	-	3,062,738	5,476,073
Culture and recreation	7,986,269	-	3,384,644	11,370,913
Community promotion	482,014	-	847,142	1,329,156
Health and welfare	525,877	-	214,940	740,817
Economic development and assistance	77,117	-	-	77,117
Capital outlay	-	4,625,441	2,427,605	7,053,046
Debt service				
Principal retirement	3,938,025	-	4,926,339	8,864,364
Interest and fiscal charges	1,649,062	-	3,777,236	5,426,298
Bond issue costs	-	-	40,188	40,188
<b>Total expenditures</b>	<b>79,721,465</b>	<b>4,747,545</b>	<b>23,494,161</b>	<b>107,963,171</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>1,080,372</b>	<b>(3,916,013)</b>	<b>4,154,399</b>	<b>1,318,758</b>
<b>Other financing sources (uses)</b>				
Transfers in from component unit	1,095,000	-	-	1,095,000
Operating transfers in	7,772,728	2,968,006	8,871,043	19,611,777
Operating transfers (out)	(6,259,602)	(145,785)	(12,542,096)	(18,947,483)
Note proceeds	-	-	1,000,000	1,000,000
Proceeds from refunding bond	-	-	16,966,667	16,966,667
Capital lease financing proceeds	-	2,615,000	-	2,615,000
Payment to refunded bond escrow agent	-	-	(16,966,667)	(16,966,667)
<b>Total other financing sources (uses)</b>	<b>2,608,126</b>	<b>5,437,221</b>	<b>(2,671,053)</b>	<b>5,374,294</b>
<b>Net change in fund balances</b>	<b>3,688,498</b>	<b>1,521,208</b>	<b>1,483,346</b>	<b>6,693,052</b>
<b>Fund balances at beginning of year</b>	<b>16,149,836</b>	<b>11,184,226</b>	<b>36,316,769</b>	<b>63,650,831</b>
<b>Fund balances at end of year</b>	<b>\$ 19,838,334</b>	<b>\$ 12,705,434</b>	<b>\$ 37,800,115</b>	<b>\$ 70,343,883</b>

The accompanying notes are an integral part of this financial statement.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2002**

**Net change in fund balances - total governmental funds** **\$ 6,693,052**

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.

Capital outlay	\$ 7,677,739	
Depreciation expense	(4,829,793)	
		2,847,946

In the statement of activities, the gain on disposal of capital assets is reported. Conversely, governmental funds generally do not report any gain or loss on disposal of capital assets.

Cost of capital assets	\$ 252,395	
Accumulated depreciation	(76,983)	
Net book value		(175,412)

In the statement of activities, revenue from infrastructure assets contributed to the City by real estate developers is reported. Since such contributions result in neither the receipt nor the use of current financial resources, they are not reflected in the fund statements.

4,835,540

Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues in the governmental funds. Similarly, other revenues that do not provide current financial resources are not reported as revenues in the fund.

Amounts not meeting prior year availability criteria, recognized in governmental funds in current year:

Property taxes	\$ (1,060,790)	
Franchise taxes	(4,690,936)	
State aid to subdivisions	(1,250,120)	

Amounts not meeting current year availability criteria, not recognized in governmental funds in current year:

Property taxes	2,598,644	
Streetscape assessments	68,626	
Franchise taxes	3,241,294	
State aid to subdivisions	1,216,986	
Pledged contributions	66,667	
Interest income	15,432	
		205,803

Payments received on some outstanding mortgages are revenues in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets and does not result in a revenue in the statement of activities.

(284,677)

(continued)

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS TO**  
**THE STATEMENT OF ACTIVITIES**  
**YEAR ENDED DECEMBER 31, 2002**

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Payments received on multi-year real estate rental agreements are revenues in the governmental funds, but revenues are deferred and amortized over the period of the agreement in the statement of net assets. \$ (362,500)

The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The net effect of these differences in the treatment of general obligation bonds and related items is as follows:

Debt issued or incurred:		
Capital lease financing	\$ (2,615,000)	
Issuance of refunding bonds	(16,966,667)	
Issuance of note payable	(1,000,000)	
Less issuance costs	40,188	
Principal repayments:		
Notes payable	114,496	
Note payable to component unit	57,124	
General obligation bonds	2,441,223	
Certificates of participation	856,755	
Revenue bonds	1,042,799	
Redevelopment bonds	1,266,667	
Capital leases	3,085,301	
Payment to escrow agent for refunding	16,966,667	
		5,289,553

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. The details are as follows:

Compensated absences	\$ (236,913)	
Claims and judgments	(347,887)	
Interest expense	82,921	
		(501,879)

**Change in net assets of governmental activities** \$ 18,547,426

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2002**

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Revenues</b>				
Property taxes	\$ 38,110,972	\$ 38,110,972	\$ 39,235,908	\$ 1,124,936
Licenses, fees and permits	22,411,092	22,411,092	25,244,372	2,833,280
Fines and forfeitures	1,990,911	1,990,911	2,097,482	106,571
Intergovernmental - federal	13,000	13,000	21,050	8,050
Intergovernmental - state and local				
Local option sales tax	9,077,880	9,077,880	9,391,322	313,442
Other	2,834,795	2,834,795	3,071,221	236,426
Charges for services	763,330	763,330	685,014	(78,316)
Revenue from use or disposition of monies and property	835,720	835,720	742,634	(93,086)
Other	105,354	105,354	312,834	207,480
<b>Total revenues</b>	<b>76,143,054</b>	<b>76,143,054</b>	<b>80,801,837</b>	<b>4,658,783</b>
<b>Expenditures</b>				
Current				
General government				
Legislative	640,678	650,332	609,034	41,298
Judicial	869,077	872,132	833,968	38,164
Executive	506,729	514,214	503,570	10,644
Budget, finance and revenue collections	1,605,818	1,658,147	1,653,324	4,823
Excellence in Government	-	9,000	5,380	3,620
Purchasing	427,712	434,064	441,322	(7,258)
Internal audit	96,582	75,541	68,230	7,311
Corporate counsel	586,178	587,087	655,801	(68,714)
Archives	158,458	161,072	153,379	7,693
Prosecutors' office	191,525	175,828	153,848	21,980
Human resources	622,389	642,564	667,923	(25,359)
Occupational safety and health	173,915	168,586	88,413	80,173
Information resources	2,314,025	2,300,749	2,234,092	66,657
City Hall	106,441	112,680	95,350	17,330
Electrical	1,520,754	1,496,368	1,402,796	93,572
Facilities maintenance	1,416,265	1,502,654	1,301,964	200,690
Public service capital projects	20,000	20,000	15,971	4,029
14 George Street	-	-	526	(526)
116 Meeting Street	45,750	56,531	37,383	19,148
32 Ann Street	102,650	106,650	108,026	(1,376)
General insurance	1,270,000	1,270,000	1,115,627	154,373
Pensions	96,461	96,461	44,710	51,751
Employee benefits	2,163,129	2,163,129	2,519,544	(356,415)
Employee training	19,921	30,271	30,948	(677)
Nondepartmental	2,072,284	1,875,375	1,092,438	782,937
Total general government	<b>17,026,741</b>	<b>16,979,435</b>	<b>15,833,567</b>	<b>1,145,868</b>

(continued)

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2002**

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Expenditures (continued)</b>				
Current (continued)				
Public safety				
Police	\$ 25,743,818	\$ 26,183,310	\$ 25,185,219	\$ 998,091
Fire	10,989,104	11,546,166	10,774,963	771,203
Engineering	410,347	409,570	398,634	10,936
Inspections	1,067,718	1,019,138	983,408	35,730
Traffic and transportation	1,893,095	1,940,170	1,810,548	129,622
Total public safety	40,104,082	41,098,354	39,152,772	1,945,582
Public service	245,849	250,817	241,254	9,563
Sanitation	3,231,266	3,650,197	3,799,273	(149,076)
Streets and sidewalks	2,402,881	2,249,817	1,312,449	937,368
Fleet management	2,245,997	2,308,378	2,310,451	(2,073)
Total public service	8,125,993	8,459,209	7,663,427	795,782
Urban and community development				
Housing and economic development	1,151,940	1,128,218	1,033,247	94,971
Planning and urban development	1,510,055	1,513,244	1,380,088	133,156
Total urban and community development	2,661,995	2,641,462	2,413,335	228,127
Culture and recreation				
Cultural affairs	354,432	362,368	373,310	(10,942)
Recreation	3,418,902	3,103,227	3,063,015	40,212
Dock Street Theater	131,502	134,568	88,996	45,572
Garden Theater	56,400	54,000	31,618	22,382
Parks	4,230,790	4,214,466	4,092,777	121,689
Construction	282,550	259,959	235,955	24,004
Parks and facilities capital improvements	109,000	121,957	100,598	21,359
Total culture and recreation	8,583,576	8,250,545	7,986,269	264,276
Community promotion				
Tourism	353,391	362,957	336,821	26,136
Programs	116,420	116,420	145,193	(28,773)
Total community promotion	469,811	479,377	482,014	(2,637)

(continued)

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**YEAR ENDED DECEMBER 31, 2002**

	Budgeted Amounts		Actual	Variance with final budget positive (negative)
	Original	Final		
<b>Expenditures (continued)</b>				
Current (continued)				
Health and welfare				
Public Information	\$ 88,427	\$ 90,403	\$ 79,105	\$ 11,298
Children's Services	154,859	157,896	132,972	24,924
Other Assistance Programs	318,800	318,800	313,800	5,000
Total health and welfare	562,086	567,099	525,877	41,222
Economic development and assistance				
Trident Work Experience	223,791	131,175	77,117	54,058
Debt service				
Principal retirement	3,726,910	3,726,910	3,938,025	(211,115)
Interest and fiscal charges	1,723,330	1,709,330	1,649,062	60,268
Total debt service	5,450,240	5,436,240	5,587,087	(150,847)
<b>Total expenditures</b>	83,208,315	84,042,896	79,721,465	4,321,431
<b>Excess (deficiency) of revenues over expenditures</b>	(7,065,261)	(7,899,842)	1,080,372	8,980,214
<b>Other financing sources (uses)</b>				
Transfers in from component unit	1,095,000	1,095,000	1,095,000	-
Transfers in	8,095,225	8,095,225	7,772,728	(322,497)
Transfers (out)	(3,874,743)	(6,102,838)	(6,259,602)	(156,764)
<b>Total other financing sources (uses)</b>	5,315,482	3,087,387	2,608,126	(479,261)
<b>Excess (deficiency) of revenues and other financing sources over expenditures and other financing uses</b>	(1,749,779)	(4,812,455)	3,688,498	8,500,953
<b>Fund balance at beginning of year</b>	16,149,836	16,149,836	16,149,836	-
<b>Fund balance at end of year</b>	\$ 14,400,057	\$ 11,337,381	\$ 19,838,334	\$ 8,500,953

The accompanying notes are an integral part of this financial statement.





**CITY OF CHARLESTON, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2002**

	Business Type Activities - Enterprise Funds			Totals
	J.P. Riley, Jr. Baseball Park	Parking Facilities	Other Enterprise Funds	
<b>Assets</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ -	\$ 5,192,778	\$ 517,349	\$ 5,710,127
Accounts receivable, net	-	310,771	22,526	333,297
Other receivables	220,088	-	-	220,088
Inventories, at cost	-	-	102,504	102,504
Prepaid expenses and deposits	-	914,867	11,500	926,367
<b>Total current assets</b>	<u>220,088</u>	<u>6,418,416</u>	<u>653,879</u>	<u>7,292,383</u>
<b>Fixed assets</b>				
Land	2,600,000	7,399,367	813,655	10,813,022
Buildings and improvements	20,452,144	56,847,179	5,928,079	83,227,402
Machinery and equipment	-	696,044	601,138	1,297,182
Construction in progress	-	249,858	-	249,858
Less accumulated depreciation	(3,088,120)	(7,530,709)	(1,877,928)	(12,496,757)
<b>Net fixed assets</b>	<u>19,964,024</u>	<u>57,661,739</u>	<u>5,464,944</u>	<u>83,090,707</u>
<b>Other assets</b>				
Deferred costs	-	209,719	-	209,719
<b>Total assets</b>	<u>20,184,112</u>	<u>64,289,874</u>	<u>6,118,823</u>	<u>90,592,809</u>
<b>Liabilities</b>				
<b>Current liabilities</b>				
Accounts payable	58,378	339,667	137,548	535,593
Accrued salaries and related benefits	275	7,214	24,195	31,684
Accrued interest payable	-	482,508	-	482,508
General obligation bonds payable	-	1,375,500	-	1,375,500
Certificates of participation payable	-	343,480	-	343,480
Revenue bonds	-	573,796	-	573,796
Compensated absences payable	24	393	2,740	3,157
Deposits	-	12,295	271,246	283,541
Due to other funds	-	5,706,749	120,146	5,826,895
<b>Total current liabilities</b>	<u>58,677</u>	<u>8,841,602</u>	<u>555,875</u>	<u>9,456,154</u>

(continued)

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2002**

	Business Type Activities - Enterprise Funds			Totals
	J.P. Riley, Jr. Baseball Park	Parking Facilities	Other Enterprise Funds	
<b>Long-term liabilities</b>				
General obligation bonds payable	\$ -	\$ 16,363,674	\$ -	\$ 16,363,674
Certificates of participation payable	-	5,504,011	-	5,504,011
Revenue bonds	-	14,570,212	-	14,570,212
Compensated absences payable	871	14,617	101,839	117,327
<b>Total long-term liabilities</b>	871	36,452,514	101,839	36,555,224
<b>Total liabilities</b>	59,548	45,294,116	657,714	46,011,378
<b>Net assets</b>				
Invested in capital assets, net of related debt	19,964,024	18,931,066	5,464,944	44,360,034
Unrestricted	160,540	64,692	(3,835)	221,397
<b>Total net assets</b>	<u>\$ 20,124,564</u>	<u>\$ 18,995,758</u>	<u>\$ 5,461,109</u>	<u>\$ 44,581,431</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2002**

	Business Type Activities - Enterprise Funds			Totals
	J.P. Riley, Jr. Baseball Park	Parking Facilities	Other Enterprise Funds	
<b>Operating revenues</b>				
Sales and services	\$ -	\$ 12,194,768	\$ 2,255,899	\$ 14,450,667
Revenues from use of monies and property	230,042	-	527,893	757,935
Donations	-	-	7,115	7,115
<b>Total operating revenues</b>	<u>230,042</u>	<u>12,194,768</u>	<u>2,790,907</u>	<u>15,215,717</u>
<b>Operating expenses</b>				
Costs of sales and services	-	-	530,562	530,562
Personal services	45,288	2,529,454	1,680,879	4,255,621
Utilities	157,738	298,582	337,093	793,413
Rent	-	1,974,824	-	1,974,824
Repairs and maintenance	118,685	226,806	194,465	539,956
Supplies	8,625	118,073	163,270	289,968
Other operating expenses	19,582	756,488	366,288	1,142,358
Depreciation and amortization	518,064	893,886	173,142	1,585,092
<b>Total operating expenses</b>	<u>867,982</u>	<u>6,798,113</u>	<u>3,445,699</u>	<u>11,111,794</u>
<b>Operating income (loss)</b>	<u>(637,940)</u>	<u>5,396,655</u>	<u>(654,792)</u>	<u>4,103,923</u>
<b>Nonoperating revenues (expenses)</b>				
Investment income	-	18,875	5,057	23,932
Interest expense	-	(2,243,642)	-	(2,243,642)
Amortization of bond discounts and issuance costs	-	(113,642)	-	(113,642)
<b>Total nonoperating revenues (expenses)</b>	<u>-</u>	<u>(2,338,409)</u>	<u>5,057</u>	<u>(2,333,352)</u>
<b>Income (loss) before operating transfers</b>	<u>(637,940)</u>	<u>3,058,246</u>	<u>(649,735)</u>	<u>1,770,571</u>
<b>Income before contributions and transfers</b>				
Transfers in	109,585	38,870	790,300	938,755
Transfers (out)	-	(1,205,817)	(397,232)	(1,603,049)
<b>Total contributions and transfers</b>	<u>109,585</u>	<u>(1,166,947)</u>	<u>393,068</u>	<u>(664,294)</u>
<b>Change in net assets</b>	<u>(528,355)</u>	<u>1,891,299</u>	<u>(256,667)</u>	<u>1,106,277</u>
<b>Total net assets</b>				
Beginning of year	20,652,919	17,104,459	5,717,776	43,475,154
End of year	<u>\$ 20,124,564</u>	<u>\$ 18,995,758</u>	<u>\$ 5,461,109</u>	<u>\$ 44,581,431</u>

The accompanying notes are an integral part of this financial statement.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2002**

	<b>Business Type Activities - Enterprise Funds</b>			
	<b>J.P. Riley, Jr. Baseball Park</b>	<b>Parking Facilities</b>	<b>Other Enterprise Funds</b>	<b>Totals</b>
<b>Cash flows from operating activities</b>				
Cash received from customers and users	\$ 192,067	\$ 12,195,101	\$ 3,014,700	\$ 15,401,868
Cash paid to suppliers	(257,534)	(3,700,555)	(1,582,248)	(5,540,337)
Cash paid to employees	(44,118)	(2,526,054)	(1,661,820)	(4,231,992)
<b>Net cash provided (used) by operating activities</b>	<b>(109,585)</b>	<b>5,968,492</b>	<b>(229,368)</b>	<b>5,629,539</b>
<b>Cash flows from noncapital financing activities</b>				
Transfers and advances between funds	109,585	3,981,943	513,214	4,604,742
<b>Cash flows from capital and related financing activities</b>				
Acquisition and construction of capital assets	-	(106,233)	(105,497)	(211,730)
Bond issue costs	-	(3,878)	-	(3,878)
Principal paid on debt	-	(2,451,118)	-	(2,451,118)
Interest paid	-	(2,215,303)	-	(2,215,303)
<b>Net cash used by capital and related financing activities</b>	<b>-</b>	<b>(4,776,532)</b>	<b>(105,497)</b>	<b>(4,882,029)</b>
<b>Cash flows from investing activities</b>				
Interest on investments	-	18,875	5,057	23,932
<b>Net increase in cash and cash equivalents</b>	<b>-</b>	<b>5,192,778</b>	<b>183,406</b>	<b>5,376,184</b>
<b>Cash and cash equivalents</b>				
Beginning of year	-	-	333,943	333,943
End of year	\$ -	\$ 5,192,778	\$ 517,349	\$ 5,710,127
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>				
Operating income (loss)	\$ (637,940)	\$ 5,396,655	\$ (654,792)	\$ 4,103,923
Adjustments to reconcile operating income to net cash provided (used) by operating activities:				
Depreciation and amortization	518,064	893,886	173,142	1,585,092
(Increase) decrease in current assets:				
Accounts receivable	(37,974)	(8,038)	(10,783)	(56,795)
Inventories	-	-	(18,575)	(18,575)
Prepaid expenses	-	(280,370)	-	(280,370)
Increase (decrease) in current liabilities:				
Accounts payable and accrued liabilities	47,371	(43,835)	24,721	28,257
Accrued compensated absences	894	1,823	22,343	25,060
Customer deposits	-	8,371	234,576	242,947
<b>Total adjustments</b>	<b>528,355</b>	<b>571,837</b>	<b>425,424</b>	<b>1,525,616</b>
<b>Net cash provided (used) by operating activities</b>	<b>\$ (109,585)</b>	<b>\$ 5,968,492</b>	<b>\$ (229,368)</b>	<b>\$ 5,629,539</b>

(continued)

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2002**

	Business Type Activities - Enterprise Funds			
	J.P. Riley, Jr.		Other	
	Baseball Park	Parking Facilities	Enterprise Funds	Totals
<b>Schedule of noncash investing, capital and financing activities</b>				
Acquisition of capital assets through contributions from governmental funds	\$ -	\$ 38,871	\$ -	\$ 38,871
Amortization of bond issue costs	\$ -	\$ 12,294	\$ -	\$ 12,294
Increase in outstanding debt obligations due to amortization of original issue discounts, premiums and deferred refunding costs	\$ -	\$ 38,759	\$ -	\$ 38,759

The accompanying notes are an integral part of this financial statement.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**STATEMENT OF FIDUCIARY NET ASSETS -**  
**FIDUCIARY FUNDS**  
**DECEMBER 31, 2002**

	<u>Pension Trust Fund</u>	<u>Agency Fund</u>	<u>Total</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 5,855	\$ 10,854	\$ 16,709
Investments, at fair value	749,110	-	749,110
Due from other funds	156,818	-	156,818
	<u>911,783</u>	<u>\$ 10,854</u>	<u>922,637</u>
<b>Liabilities</b>			
Accounts payable	-	\$ 10,854	10,854
Due to other funds	652,920	-	652,920
	<u>652,920</u>	<u>\$ 10,854</u>	<u>663,774</u>
<b>Net Assets</b>			
Held in trust for pension benefits	<u>\$ 258,863</u>		<u>\$ 258,863</u>

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS**  
**FIDUCIARY FUNDS**  
**YEAR ENDED DECEMBER 31, 2002**

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**Additions**

Employer contributions	\$ 82,266
Interest and dividends	16,481
Net depreciation in fair value of investments	<u>(153,454)</u>
<b>Total additions</b>	<b>(54,707)</b>

**Deductions**

Benefit payments	<u>3,560</u>
------------------	--------------

**Net decrease in Net Assets** (58,267)

**Net Assets Held in Trust for Pension Benefits**

<b>Beginning of year</b>	<u>317,130</u>
<b>End of year</b>	<u><u>\$ 258,863</u></u>



**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

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**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. REPORTING ENTITY**

The *City of Charleston, South Carolina* (the City), a political subdivision of the State of South Carolina, was incorporated August 13, 1783. On September 21, 1976, the City issued a charter adopting the Council-Mayor form of government. The City provides a full range of services to its citizens including fire and police protection, sanitation, public improvements, parks, recreation, cultural, economic development, planning, parking facilities, golf course, auditorium and general administration. The City is a municipal corporation governed by an elected mayor and a twelve-member council.

As required by generally accepted accounting principles, these financial statements present the City (primary government) and its discretely presented component unit, an entity for which the government is considered to be financially accountable. Blended component units, although legally separate entities, are combined with data of the City if the governing body of the component unit is substantively the same as that of the primary government or the component unit provides services entirely or almost entirely to the primary government. Discretely presented component units, on the other hand, do not meet the criteria for blending and are reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that they are legally separate from the primary government. Disclosures in these notes to the financial statements are applicable to both the City and its component unit unless otherwise indicated.

**Blended Component Units**

*Police Relief and Pension Fund* – This organization is a pension plan for policemen employed on or before November 1, 1949. It is administered by a Board of Trustees consisting of seven members including the Mayor. The City maintains the accounting records for this organization. This activity is shown as a pension trust fund under the fiduciary funds. Resources for this fund are contributed by the City.

*City of Charleston Public Facilities Corporation* – This is a single purpose corporate entity which only has a leasehold interest in certain City facilities. Its Board is comprised of three employees of the City. The Corporation issued \$30,000,000 of financing during 1993, which was or is being used to finance the construction of a parking garage, fire stations, and other improvements. The assets, debt and related accounts of the parking garage are reported in the enterprise fund, which accounts for parking garage operations. All other assets, debts and activities are reported as a capital projects fund.

**Discretely Presented Component Unit**

*Commissioners of Public Works of the City of Charleston, SC (CPW)* – This entity provides water and wastewater services to the citizens of the City and certain surrounding areas, generally excluding the larger municipalities. The members of the Commission are elected by the voters, however CPW is dependent on the City for substantial approval for all bond issuances. CPW accounts for its activities in an enterprise fund and is discretely presented in the basic financial statements. Separate CPW financial statements are prepared by and available from the Commissioners of Public Works, 103 St. Philip Street, Charleston, SC 29403.

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

**Government-wide Statements:**

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

***Fund Financial Statements:***

The City uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain City functions or activities. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts.

**Major Funds**

The City reports the following major governmental funds:

1. The *General Fund* is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.
2. The *Parks, Recreation and Public Safety Fund*, a capital projects fund, accounts for various capital projects funded by various General Obligation Bonds, a portion of the Hospitality Fee, and assets purchased under the City's lease purchase program.

The City reports the following major proprietary funds:

1. The *Joseph P. Riley, Jr. Baseball Park Fund* accounts for the operations and maintenance of the City-owned and operated baseball park. This facility is the home for the Charleston RiverDogs which is a single A minor league baseball team.
2. The *Parking Facilities Fund* accounts for the operation and maintenance of the on and off-street parking lots and garages owned and/or operated by the City.

**Nonmajor Funds**

In addition the City reports the following fund types:

The *special revenue funds* account for revenue sources that are legally restricted to expenditures for specific purposes (not including expendable trusts or major capital projects) such as grants, fire and other special purpose fees, and economic development.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**B. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED)**

The *capital projects funds* account for the acquisition of fixed assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The *enterprise funds* are used to account for those operations that are financed and operated in a manner similar to private business or where Council has decided that the determination of revenues earned, costs incurred and/or net income is necessary for management accountability.

*Fiduciary fund* reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds.

The City reports the following fiduciary funds:

The *Police Relief and Pension Fund*, a pension trust fund, accounts for the accumulation of resources to provide pensions for policemen employed on or before November 1, 1949. The City makes annual contributions to this fund equal to 5% of the Police fines.

The *Firemen's Insurance and Inspection Fund*, an agency fund which accounts for the receipt and disbursement of funds received from the State relating to the payment of one percent of the premiums received by out of state fire insurance companies, is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING**

The basic financial statements of the City have been prepared in conformity with generally accepted accounting principles as applied to governmental agencies. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and for acquisitions under capital leases are reported as other financing sources.

Nonexchange transactions, in which the City receives value without directly giving equal value in return, include property taxes, sales, use and hospitality taxes, special assessments, fines and forfeitures, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**C. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING (CONTINUED)**

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met. On the modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available (i.e., collectible within the current year or within sixty days of year-end and available to pay obligations of the current period). This includes property taxes and special assessments, investment earnings, fines and forfeitures, certain charges for services, and state-levied locally shared taxes. Sales, use and hospitality taxes are recorded when the underlying transaction is made. Reimbursements due for federally funded projects are accrued as revenue at the time the expenditures are made. When grant funds are received in advance, revenue recognition is deferred until qualifying expenditures are made. Other revenues, including permits, licenses, some franchise fees and miscellaneous revenues, are recorded as revenue when received in cash because they are generally not measurable until actually received.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance. The component unit (CPW) has elected to follow subsequent private-sector guidance.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than program revenues. General revenues include all property taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing goods and services, in connection with a proprietary fund's principal ongoing operations. The City's business-type activities accounted for in proprietary funds are chiefly parking, facilities rental, tourism related activities and concessions, and operation of a municipal golf course. The principal operating revenues of the CPW are charges to customers for sales and services. The CPW also recognizes as operating revenue the portion of origination fees intended to recover the cost of connecting new customers to the system. Operating expenses for proprietary funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY**

**1. Cash and Cash Equivalents and Deposits**

The "deposits" classification is used only in the notes, not on the face of the statement of net assets, balance sheet or statement of cash flows. Deposits include only cash on hand, pooled money market funds and certificates of deposit.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (CONTINUED)**

The City and the CPW consider cash and cash equivalents for cash flow purposes to be currency on hand, demand deposits with banks, amounts included in pooled cash and investment accounts, and liquid investments with an original maturity of three months or less when purchased.

**2. Investments**

State statutes authorize the City and its component unit (CPW) to invest in the following:

1. Obligations of the United States and agencies thereof;
2. General obligations of the State of South Carolina or any of its political units;
3. Savings and loan association deposits to the extent insured by the Federal Deposit Insurance Corporation;
4. Certificates of deposit and repurchase agreements collateralized by securities of the type described in (1) and (2) above held by a third party as escrow agent or custodian, of a market value not less than the amount of certificates of deposit and repurchase agreements so secured, including interest; and
5. No-load open and closed-end management type investment companies or investment trusts registered under the Investment Company Act of 1940, as amended, where the investment is made by a bank or trust company or savings and loan association or other financial institution when acting as trustee or agent for a bond or other debt issue of that local government unit.

In addition, South Carolina State statutes authorize the City and CPW to invest in the South Carolina Local Government Investment Pool (SCLGIP). The SCLGIP is an investment trust fund created pursuant to Section 6-6-10 of the South Carolina Code of Laws, and administered by the State Treasurer, in which public monies under the custody of any political subdivision in excess of current needs may be deposited. The SCLGIP is permitted to purchase obligations of the United States, its agencies and instrumentalities, and any corporation within the United States if such obligations bear any of the three highest ratings of at least two nationally recognized rating services. The SCLGIP is 2a7-like pool, which is not registered with the Securities and Exchange Commission (SEC) as an investment company, but has a policy that it will operate in a manner consistent with the SEC's rule 2a7 of the Investment Company Act of 1940. The reported value of the City's and CPW's position in the pool, if any, is the same as the fair value of the pool shares. In accordance with Governmental Accounting Standards Board ("GASB") Statement No. 31, *"Accounting and Financial Reporting for Certain Investments and for External Investment Pools"*, investments are carried at fair value determined annually based upon quoted market prices. The total fair value of the Pool is apportioned to the entities with funds invested on an equal basis for each share owned, which are acquired at a cost of \$1.00.

The City and CPW have a number of financial instruments, none of which is held for trading purposes. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Non-participating investment contracts such as nonnegotiable certificates of deposits and repurchase agreements are reported at cost. Debt securities are reported at cost or amortized cost.

**3. Inventories and Prepaid Items**

Inventories are valued at cost, which approximates market, using the first-in, first-out method. The consumption method of accounting is used to record inventories under which the cost of inventory is recorded as an expenditure when consumed rather than when purchased. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

**4. Notes Receivables and Allowance for Loan Losses**

Amounts loaned to others, which were funded by federal or state grants, are recorded as notes receivable. Notes receivable, secured by the property, are stated at unpaid principal balances net of an allowance for loan losses. An allowance for loan losses is increased by charge-offs, net of recoveries. Management's periodic evaluation of the adequacy of the allowance is based on past loan loss experiences, known and inherent risks in the portfolio, adverse situations that may affect the borrower's ability to repay the loan, estimated value of any underlying collateral, and current economic conditions.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

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**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (CONTINUED)**

**5. Receivables**

Transactions between funds that are representative of reimbursement arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Property taxes are assessed and collected by Charleston County and Berkeley County under joint billing and collection agreements. The City recognizes property taxes in the period for which they are levied and available for financing current expenditures. Property taxes receivable represent delinquent real and personal taxes for the past ten years, less an allowance for amounts estimated to be uncollectable, plus taxes levied on the assessed value of real and personal property, as of January 1, 2002. All net property taxes receivable at year end, except those collected within 60 days, are recorded as deferred revenue and thus not recognized as revenue until collected in the governmental funds.

Taxes on real property and certain personal property attach as an enforceable lien on the property as of January 1. Taxes are levied and billed the following September on all property other than vehicles and are payable without penalty until January 15 of the following year. Penalties are assessed on unpaid taxes on the following dates: January 16 - three percent, February 2 - an additional seven percent, March 16 - an additional five percent. If not paid by October 1, the property is subject to sale by the delinquent tax office. Taxes on licensed motor vehicles are levied during the month when the taxpayer's license registration is due for renewal. The taxpayer must provide proof of payment to the Highway Department before that agency will renew the vehicle license.

For additional information related to receivables see notes I.C. and III.D.

The CPW's receivables represent various volume, availability and other service fees earned but not yet collected. Cycle billings at year end are estimated to record revenues earned through year end. Recurring consumption and capacity fees from residential and commercial customers are recognized as operating revenues.

**6. Restricted Assets**

The City's restricted accounts are established to account for assets restricted for specific purposes, typically by outside parties or legal agreement. Certain bond indentures of trust agreements require the establishment of (i) maximum annual principal and interest payments, unless a surety bond was provided, and (ii) the next succeeding principal and accrued interest payment.

In addition, CPW is required to establish a reasonable reserve for depreciation of its systems, contingencies, improvements and extensions, and hold certain construction funds from revenue bond proceeds in restricted accounts.

**7. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the governmental activities in the government-wide financial statements. Capital assets other than infrastructure are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. The capitalization threshold for infrastructure assets is \$500,000 for individual items and networks. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (CONTINUED)**

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during construction is not capitalized.

All reported capital assets except land and certain infrastructure assets are depreciated. Useful lives for infrastructure were estimated based on the City's historical records of necessary improvements and replacements. Depreciation is provided using the straight-line method over the following estimated useful lives:

	<u>City</u>	<u>Component unit (CPW)</u>
Buildings and other improvements	20-80 years	(See below)
Machinery and equipment	3-20 years	4-15 years
Infrastructure	20-100 years	N/A
Water and wastewater systems including buildings and improvements	N/A	25-100 years

GASB No. 34 requires the City to report and depreciate new infrastructure assets effective with the beginning of the current year. Infrastructure assets include roads, bridges, underground pipe (other than related to utilities), traffic signals, etc. These infrastructure assets are likely to be the largest asset class of the City. Neither their historical cost nor related depreciation has historically been reported in the financial statements. The retroactive reporting of infrastructure is subject to an extended implementation period and must be completed by fiscal years ending in 2006. The City has elected to implement the retroactive provisions of GASB No. 34 in the current year for drainage systems, bridges and tunnels and parking meters. The City is still gathering cost information for streets, sidewalks, signage and traffic signals and plans to implement the retroactive provisions for those assets in 2003 and 2004. Had all of the infrastructure networks been capitalized in the first year, net assets would be higher.

**8. Long-Term Obligations**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Bond premiums and discounts, gains or losses on refundings and defeasance, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**9. Claims and Judgments**

All claims and judgments are accrued in the government-wide and proprietary fund financial statements when it is both 1) probable that a liability has been incurred, and 2) the loss can be reasonably estimated. The City records claims and judgments for governmental funds under the modified accrual basis of accounting. This method provides that claims and judgments are recorded as expenditures and liabilities to the extent the amounts are payable with expendable available financial resources, i.e., currently funded or budgeted.



**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

---

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**

**D. ASSETS, LIABILITIES AND NET ASSETS OR EQUITY (CONTINUED)**

**10. Compensated Absences**

It is the City's policy to allow employees to accumulate unused annual leave and compensatory hours. If an employee has completed the probationary period, accumulated unused annual leave is payable upon termination – no more than two times the number of annual leave days the employee is eligible to earn due to the employee's years of service. Non-exempt employees can accumulate compensatory hours for work over the regular work schedule. In no case may an employee accrue more than 40 compensatory hours, which must be used before using annual leave.

All vacation and compensatory pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only to the extent they are payable from current resources.

**11. Capitalized Interest**

Proprietary fund interest expense and amortization are capitalized for related construction in progress. For tax-exempt debt, related interest costs subject to capitalization are netted against the interest earned on invested proceeds until the construction phase of the project is completed. Interest and related expenses and income are not capitalized in the governmental funds unless the assets are anticipated to be transferred to the proprietary funds upon completion.

**12. Reservations and Designations of Fund Balances**

*Government-wide Statements*

Equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets - Consists of net assets with constraints placed on their use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets - All other net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

*Fund Statements*

Governmental fund equity is classified as reserved and unreserved, with unreserved further split between designated and undesignated.

Reservations represent portions of fund balances which are not appropriable for expenditure or have been segregated for specific future uses by legal mandate. Designations represent tentative plans by the City for financial resource utilization in a future period as documented in the budgeting process for a succeeding year. Such plans are subject to change from original authorizations and may never result in expenditures.

**E. USE OF ESTIMATES**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

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**II. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. BUDGETS AND BUDGETARY ACCOUNTING**

**Primary government**

Budgets are adopted annually for the General Fund and all enterprise funds; however, the enterprise funds' budgets are not legally required to be reported. The Chief Financial Officer obtains in writing from each department head an estimate of the needs of each department for the ensuing year. Thereafter, the department heads meet with the Mayor and the Chief Financial Officer and prepare a budget. This budget is then submitted to the Ways and Means Committee and thereafter presented in final form to City Council. It must be adopted at public meetings by ordinance which requires three readings with an interval of not less than six days between first and second readings. Supplemental appropriations and budget transfers must be submitted and approved by the Ways and Means Committee. Supplemental appropriations require the same public hearing process that the original appropriation ordinance requires. All appropriations, with the exception of encumbered amounts, lapse at year end. Encumbrances are considered reappropriated in the ensuing year and are included in the overall budget for the ensuing year.

Formal budgetary integration on a GAAP basis is employed as a management control device during the year for the General Fund. Expenditures may not legally exceed appropriations at the fund level. Management is authorized to make transfers of up to \$25,000 per occurrence between departments as long as total appropriations are not exceeded. The special revenue and capital projects funds are not formally budgeted. Effective budgetary control is alternatively achieved through the various individual grants' budgets as required by the grantors. Management may not amend the legal level of the adopted budget without approval of Council.

During the year, supplementary appropriations were necessary. The General Fund budget amendments included increases and decreases within individual departments, the planned use of fund balance for various expenditures and increases in operating transfers to other funds.

**Component unit**

The Commissioners of Public Works approve the annual budget for current expenses and capital outlays, which are accounted for in a single enterprise fund. This adoption of the budget constitutes a legal limit on spending, and subsequent budget amendments must be approved by the Commissioners. The budget is adopted on a basis consistent with generally accepted accounting principles.

**B. ENCUMBRANCES**

Encumbrances are recorded in order to reserve that portion of the applicable appropriation and are employed as an extension of formal budgetary integration in the General Fund. Encumbrances are used as budgetary controls in the special revenue funds and capital projects funds. Encumbrances outstanding at year-end are reported as reservations of fund balances since they do not constitute expenditures or liabilities. Outstanding encumbrances are considered reappropriated in the ensuing year and are included in the overall budget for the ensuing year.

**C. FUND EQUITY DEFICITS**

The following funds have deficits at year end and are expected to be resolved as indicated:

<u>Fund</u>	<u>Deficit</u>	<u>Resource for Elimination</u>
Special Revenue Funds:		
Cultural Festivals and Events	\$ 43,437	General Fund
Francis Marion Hotel	\$ 194,251	Future budgeted General Fund revenues

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

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**III. DETAILED NOTES ON ALL FUNDS**

**A. CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENTS**

***Change in accounting principle***

As of and for the year ended December 31, 2002, the City and its component unit implemented the following Governmental Accounting Standards Board pronouncements:

Statements

- No. 34 – *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*
- No. 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues – An Amendment of GASB No. 33*
- No. 37 – *Basic Financial Statements – and Management Discussion and Analysis – for State and Local Governments: Omnibus*
- No. 38 – *Certain Financial Statement Note Disclosures*

Interpretation

- No. 6 – *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

The above pronouncements are all related to the new financial reporting requirements for all state and local governments. The more significant of the changes affecting the City and its component unit as required by the new standards include:

- Inclusion of Management's Discussion and Analysis as required supplemental information,
- Basic financial statements that include:
  - Full accrual government-wide financial statements showing City programs segregated between business-type and governmental activities,
  - Fund financial statements consisting of a series of statements that focus on the City's major governmental and enterprise funds, with nonmajor funds aggregated and presented in one column,
  - Schedules to reconcile the fund financial statements to the government-wide financial statements,
  - Notes to the financial statements.

**Primary government**

***Beginning net assets for governmental activities***

Beginning net assets for governmental activities in the government-wide financial statements was determined as:

Fund balances of governmental funds as of December 31, 2001	\$ 63,650,831
Add, as of December 31, 2001:	
Governmental capital assets, including general fixed assets, as restated	228,733,032
Mortgages and notes receivable, net of allowance for uncollectibles in the amount of \$994,256	1,937,023
Accrued interest receivable	54,352
Prepaid expenses	98,553
Revenues related to prior years:	
Property taxes	1,060,790
Franchise taxes	4,690,936
State aid to subdivisions	1,250,120

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENTS (CONTINUED)**

Deduct, as of December 31, 2001:	
Accumulated depreciation on above capital assets	(29,799,371)
Bonds and notes payable, as restated	(82,506,498)
Accrued interest payable on bonds and notes	(1,801,226)
Capital leases payable	(10,928,896)
Claims and judgments	(2,204,029)
Compensated absences payable, as restated	<u>(3,929,146)</u>

Governmental activities net assets, restated as of December 31, 2001	<u>\$ 170,306,471</u>
--	-----------------------

*Restatement of capital assets for governmental activities*

The December 31, 2001, balance of governmental activities' capital assets was restated for the addition of infrastructure items, the reclassification of items to buildings and improvements other than buildings, included in the cost of the land previously, which nets to zero, a change in accounting policy removing items with an original cost less than \$5,000, and correction of the cost of facilities under a capital lease (Note III. I).

The effect of these restatements of capital assets is as follows:

Capital assets not being depreciated		\$ 72,643,444
Capital assets being depreciated		<u>133,147,859</u>
Capital assets, December 31, 2001, as reported		205,791,303
<u>Change in accounting policy</u>		
Less: items with original cost less than \$5,000		(929,050)
<u>Change in accounting principle</u>		
Add: infrastructure		22,731,360
Add: Federally funded low-income residential properties under renovation with intent to resell		1,573,856
<u>Correction of an error</u>		
Correct cost of leased building		294,312
Reclassify items from land to:		
Nondepreciable improvements	\$ (6,939,304)	
Depreciable improvements	2,733,102	
	37,223	
Buildings	<u>4,168,979</u>	<u>-</u>
Cost of capital assets, as of December 31, 2001, as restated		229,461,781
Less: accumulated depreciation as of December 31, 2001		<u>(29,799,371)</u>
Net book value of capital assets as of December 31, 2001, as restated		<u>\$199,662,410</u>

*Restatement of long-term debt for governmental activities*

Long-term liabilities at December 31, 2001, were restated to:

- 1) Correct the balance of outstanding debt for a building under capital lease;
- 2) Reclassify the outstanding debt for building improvements from a capital lease to notes payable;
- 3) Add previously omitted fringe benefit costs to compensated absence balances;
- 4) Reconcile to liabilities reported as liabilities of the funds at December 31, 2001.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**A. CHANGE IN ACCOUNTING PRINCIPLE AND PRIOR PERIOD ADJUSTMENTS (CONTINUED)**

Long-term liabilities at December 31, 2001, as reported		\$ 98,704,244
<u>Correction of an error</u>		
Correct balance of capital lease for building		294,312
Reclassify debt from capital lease to:		
Notes payable	\$ (3,625,480)	-
	<u>3,625,480</u>	
Add fringe benefit costs to compensated absence liability		570,013
<u>Change in accounting principle</u>		
Add amounts reported as current portion of fund liabilities at December 31, 2001		
Due to federal government		2,350,000
Current portion of compensated absences		105,411
Current portion of claims and judgments		<u>1,450,000</u>
 Total long-term liabilities at December 31, 2001, as restated		 <u>\$ 103,473,980</u>

**B. DEPOSITS AND INVESTMENTS**

At year end, the carrying (balance sheet) amount and bank balances of deposits were as follows:

	City (Primary Government)	CPW (Component Unit)
Deposits:		
Carrying amount	\$ 21,551,485	\$ 24,080,057
Bank balance	\$ 22,339,942	\$ 24,306,477

Of the primary government's bank balance, \$16,503,909 were covered by federal depository insurance or by collateral held by the government's agent in the City's name, and \$5,836,033 was collateralized by securities held by the pledging financial institution's trust department or agent in the City's name.

Of the CPW's bank balance, \$19,300,376 was covered by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the CPW's name, and \$5,006,101 was collateralized by securities held by the pledging financial institution, but not in the CPW's name.

Investments, except for mutual funds, are categorized into these three categories of credit risk:

- (1) Insured or registered, with securities held by the government or its agent in the government's name.
- (2) Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the government's name.
- (3) Uninsured and unregistered, with securities held by counterparty, or by its trust department or agent but not in the government's name.

At December 31, 2002, the City's investment balances were as follows:

	Category			
	1	2	3	Fair Value
Repurchase agreements	\$ -	\$ 31,703,005	\$ -	\$ 31,703,005
Investments not subject to categorization:				
Mutual funds				3,429,918
				<u>\$ 35,132,923</u>

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**B. DEPOSITS AND INVESTMENTS (CONTINUED)**

At December 31, 2002, the CPW's investment balances were as follows:

	Category			Fair Value
	1	2	3	
Federal Farm Credit Bank	\$ 3,510,955	\$ -	\$ -	\$ 3,510,955
Federal Home Loan Bank	29,592,139	-	-	29,592,139
Federal Home Loan Mortgage	99,510	-	-	99,510
Government National				
Mortgage Association	-	58,302	-	58,302
U.S. Treasury STRIPS	371,461	4,306,800	-	4,678,261
U.S. Treasury SLUGS	703,923	-	-	703,923
U.S. Treasury Bonds	-	567,485	-	567,485
Repurchase agreements	39,927,331	8,954,567	-	48,881,898
	<u>\$ 74,205,319</u>	<u>\$ 13,887,154</u>	<u>\$ -</u>	<u>88,092,473</u>
Investments not subject to categorization:				
Mutual funds				22,040,186
				<u>\$ 110,132,659</u>

A reconciliation of cash and investments as shown on the Statements of Net Assets is as follows:

	City (Primary Government)	CPW (Component Unit)
Disclosures:		
Cash on hand	\$ 65,708	\$ 5,000
Carrying amount of deposits	21,551,485	24,080,057
Carrying amount of investments	<u>35,132,923</u>	<u>110,132,659</u>
Total	<u>\$ 56,750,116</u>	<u>\$ 134,217,716</u>
Statement of net assets:		
Cash and cash equivalents	\$ 43,729,447	\$ 66,767,822
Cash and cash equivalents – restricted	3,768,719	26,975,833
Investments	7,486,131	29,216,341
Investments – restricted	1,000,000	11,257,720
Statement of fiduciary net assets		
Cash and cash equivalents	16,709	-
Investments	<u>749,110</u>	<u>-</u>
Total	<u>\$ 56,750,116</u>	<u>\$ 134,217,716</u>

See note I.D. 2 for additional information concerning cash and investments.

**C. NOTES RECEIVABLE**

**Primary government**

In January 1996 the City sold properties known as the Riviera Theater to Charleston Center, LLC. The first five years of the seller-financed note required monthly interest payments, and the remaining twenty years require monthly principal and interest payments. The balance due on the note at December 31, 2002 was \$3,452,952 (Note III. K).

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**C. NOTES RECEIVABLE (CONTINUED)**

In its capacity as a subrecipient of a federally funded community development block grant, the City issues mortgages to qualified low-income individuals for housing purchases or renovations. At December 31, 2002, \$2,646,603 of such mortgages were outstanding, less an allowance for uncollectable balances of \$994,257.

**Component unit**

Notes receivable at December 31, 2002, consist of the following:

<u>Due from primary government</u>	
Issued January 2001 to the City of Charleston, in the amount of \$900,000, maturing in 2012, payable semi-annually, bearing interest at 5.75%, collateralized by real and personal property (See Note III. I and V.D.)	\$ 790,624
<u>Other</u>	
Issued December 2001 to the Town of Hollywood in the amount of \$150,000, maturing in 2005, payable monthly, bearing interest at 6%, collateralized by Local Option Sales Tax and Local Government Fund revenue.	<u>123,480</u>
Total notes receivable	914,104
Current portion of notes receivable	<u>(88,613)</u>
Noncurrent portion of notes receivable	<u>\$ 825,491</u>

**D. OTHER RECEIVABLES**

Receivables as of year end for the City's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectable accounts, are as follows:

	<u>General</u>	<u>Parks, Recreation &amp; Public Safety</u>	<u>J.P. Riley, Jr. Baseball Park</u>	<u>Parking Facilities</u>	<u>Nonmajor Funds</u>
Receivables					
Taxes	\$ 30,249,997	\$ -	\$ -	\$ -	\$ 975,749
Accounts	-	-	-	310,771	6,502,451
Other	<u>126,809</u>	<u>34,933</u>	<u>220,088</u>	<u>-</u>	<u>388,156</u>
Gross receivables	30,376,806	34,933	220,088	310,771	7,866,356
Less: allowance for uncollectables					
Taxes	(3,157,706)	-	-	-	(102,835)
Accounts	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,609,575)</u>
Net receivables	<u>\$ 27,219,100</u>	<u>\$ 34,933</u>	<u>\$ 220,088</u>	<u>\$ 310,771</u>	<u>\$ 2,153,946</u>

Accounts receivable for the component unit (CPW) as of year end of \$7,787,599 are shown net of an allowance for uncollectable water and sewer fees of \$21,385.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**E. DEFERRED REVENUES**

Governmental funds report deferred revenue in the fund financial statement in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At December 31, 2002, the various components of deferred and unearned revenue reported in the governmental funds were as follows:

Unavailable		
Property taxes receivable – General Fund	\$ 2,551,980	
Property taxes receivable – Drainage Fund	46,664	
State aid to subdivisions receivable	1,216,986	
Streetscape assessments receivable -		
King Street Gateway TIF Fund	<u>68,626</u>	
Total unavailable		\$ 3,884,256
Unearned		
Grant drawdowns prior to meeting all eligibility requirements	\$ 458,986	
Seized assets not yet adjudicated	54,697	
Piccolo Spoleto entry fees	<u>4,860</u>	
Total unearned		<u>518,543</u>
 Total deferred revenues		 <u>\$ 4,402,799</u>

**F. INTERFUND RECEIVABLES AND PAYABLES**

The interfund receivables and payables at December 31, 2002, were as follows:

	Receivable Fund	Payable Fund
Major governmental funds		
General	\$ 8,839,803	\$ 157,658
Parks, Recreation and Public Safety	-	595,077
Nonmajor governmental funds	735,589	2,499,660
Major enterprise funds		
Parking Facilities	-	5,706,749
Nonmajor enterprise funds	-	120,146
Fiduciary funds	<u>156,818</u>	<u>652,920</u>
	<u>\$ 9,732,210</u>	<u>\$ 9,732,210</u>

Interfund balances largely result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.



**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**G. INTERFUND TRANSFERS**

Interfund transfers for the year ended December 31, 2002, consisted of the following:

	Transfer in	Transfer out
Major governmental funds		
General	\$ 7,772,728	\$ (6,259,602)
Parks, Recreation and Public Safety	2,968,006	(145,785)
Nonmajor governmental funds	8,871,043	(12,542,096)
Major enterprise funds		
J.P. Riley Jr. Baseball Park	109,585	-
Parking Facilities	38,870	(1,205,817)
Nonmajor enterprise funds	790,300	(397,232)
	<u>\$ 20,550,532</u>	<u>\$ (20,550,532)</u>

Transfers are used (1) to move revenues from the fund that a statute or budget requires to collect them to the fund that a statute or budget requires to expend them, and (2) to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

**H. CAPITAL ASSETS**

Primary government capital asset activity for the year ended December 31, 2002, is as follows:

	January 1, 2002	Restatement (Note III. A)	January 1, 2002 as restated	Increases	Decreases	December 31, 2002
<u>Governmental activities</u>						
Capital assets not being depreciated						
Land	\$ 52,744,947	\$ (6,939,304)	\$ 45,805,643	\$ 33,408	\$ 107,571	\$ 45,731,480
Improvements	-	2,733,102	2,733,102	4,067,839	-	6,800,941
Other	-	1,573,856	1,573,856	189,475	96,659	1,666,672
Construction in progress	19,898,497	-	19,898,497	3,907,407	9,240,757	14,565,147
Total capital assets not being depreciated	<u>72,643,444</u>	<u>(2,632,346)</u>	<u>70,011,098</u>	<u>8,198,129</u>	<u>9,444,987</u>	<u>68,764,240</u>
Capital assets being depreciated						
Infrastructure	-	22,731,360	22,731,360	5,090,473	-	27,821,833
Buildings and improvements	102,940,888	4,500,514	107,441,402	5,035,691	-	112,477,093
Machinery and equipment	30,206,971	(929,050)	29,277,921	3,690,446	76,983	32,891,384
Total assets being depreciated	<u>133,147,859</u>	<u>26,302,824</u>	<u>159,450,683</u>	<u>13,816,610</u>	<u>76,983</u>	<u>173,190,310</u>

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. CAPITAL ASSETS (CONTINUED)**

	January 1, 2002	Restatement (Note III. A)	January 1, 2002 as restated	Increases	Decreases	December 31, 2002
<u>Governmental activities (continued)</u>						
Accumulated depreciation						
Infrastructure	\$ -	\$ 590,962	\$ 590,962	\$ 516,315	\$ -	\$ 1,107,277
Buildings and improvements	-	11,416,894	11,416,894	1,425,109	-	12,842,003
Machinery and equipment	-	17,791,515	17,791,515	2,888,369	76,983	20,602,901
Total accumulated depreciation	-	29,799,371	29,799,371	4,829,793	76,983	34,552,181
Total capital assets being depreciated, net	133,147,859	(3,496,547)	129,651,312	8,986,817	-	138,638,129
Governmental activities capital assets, net	<u>\$ 205,791,303</u>	<u>\$ (6,128,893)</u>	<u>\$ 199,662,410</u>	<u>\$ 17,184,946</u>	<u>\$ 9,444,986</u>	<u>\$ 207,402,369</u>

	January 1, 2002	Increases	Decreases	December 31, 2002
<u>Business-type activities</u>				
Capital assets not being depreciated				
Land	\$ 10,803,022	\$ 10,000	\$ -	\$ 10,813,022
Construction in progress	249,858	-	-	249,858
Total capital assets not being depreciated	11,052,880	10,000	-	11,062,880
Capital assets being depreciated				
Buildings and improvements	83,227,402	-	-	83,227,402
Machinery and equipment	1,133,299	251,595	87,712	1,297,182
Total assets being depreciated	84,360,701	251,595	87,712	84,524,584
Accumulated depreciation				
Buildings and improvements	10,295,582	1,423,557	-	11,719,139
Machinery and equipment	692,803	161,535	76,720	777,618
Total accumulated depreciation	10,988,385	1,585,092	76,720	12,496,757
Total capital assets being depreciated, net	73,372,316	(1,333,497)	10,992	72,027,827
Business-type activities capital assets, net	<u>\$ 84,425,196</u>	<u>\$ (1,323,497)</u>	<u>\$ 10,992</u>	<u>\$ 83,090,707</u>

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. CAPITAL ASSETS (CONTINUED)**

Depreciation expense was charged to functions of the primary government as follows:

Governmental activities:	
General government	\$ 2,004,379
Public safety	1,795,600
Public service	770,886
Urban and community development	22,884
Culture and recreation	232,649
Community promotion	2,458
Health and welfare	937
Total governmental activity depreciation	<u>\$ 4,829,793</u>
Business-type activities	
Parking facilities	\$ 518,064
J.P. Riley, Jr. Baseball Park	893,886
Charleston Visitors Center	17,473
City Market	1,169
Municipal Auditorium	88,453
Municipal Golf Course	63,278
Slave Mart Museum	2,769
Total business-type activity depreciation	<u>\$ 1,585,092</u>

The component unit's capital asset activity for the year ended December 31, 2002, is as follows:

	Balance January 1, 2002	Additions	Deductions	Balance December 31, 2002
Capital assets not being depreciated:				
Land	\$ 4,627,181	\$ 495,703	\$ 1,400	\$ 5,121,484
Construction in progress	90,253,562	43,834,967	50,529,327	83,559,202
Total capital assets not being depreciated	<u>94,880,743</u>	<u>44,330,670</u>	<u>50,530,727</u>	<u>88,680,686</u>
Capital assets being depreciated:				
Utility systems, treatment plants and buildings	489,417,414	54,243,878	114,733	543,546,559
Equipment and furniture	24,852,382	2,520,890	891,854	26,481,418
Total capital assets being depreciated	<u>514,269,796</u>	<u>56,764,768</u>	<u>1,006,587</u>	<u>570,027,977</u>
Less: allowance for depreciation				
Utility systems, treatment plants and buildings	110,669,648	9,769,739	106,153	120,333,234
Equipment and furniture	17,235,473	2,249,208	770,654	18,714,027
Total accumulated depreciation	<u>127,905,121</u>	<u>12,018,947</u>	<u>876,807</u>	<u>139,047,261</u>
Total capital assets being depreciated, net	<u>386,364,675</u>	<u>44,745,821</u>	<u>129,780</u>	<u>430,980,716</u>
Net property, plant and equipment	<u>\$ 481,245,418</u>	<u>\$ 89,076,491</u>	<u>\$ 50,660,507</u>	<u>\$ 519,661,402</u>

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**H. CAPITAL ASSETS (CONTINUED)**

Depreciation expense incurred by the CPW in the year ended December 31, 2002, totaled \$12,018,947.

Interest costs incurred by the CPW in the year ended December 31, 2002, totaled \$16,276,539. Of that amount, interest of \$261,180 was capitalized. The primary government incurred no capitalized interest cost during the year ended December 31, 2002.

The City's construction in progress at year end was comprised of the following:

Governmental activities

Certificates of Participation (COP) funded projects:	
Lockwood Municipal Complex	\$ 814,007
Parks	<u>251,022</u>
Total COP funded projects	<u>1,065,029</u>
Parks & Public Service projects:	
Dockside Harborwalk	2,668,931
Daniel Island Municipal Building	129,718
Etiwan Park	358,699
Hasell Pool Building	685,942
Ackerman Park	289,751
Low Country Senior Center	1,415,642
James Island Park	55,108
Ashley River Walk	129,487
Bayview Property	595,726
Moultrie Playground	222,745
Old Slave Mart	336,535
Miscellaneous parks projects	<u>1,254,566</u>
Total Parks & Public Service projects	<u>8,142,850</u>
Gateway Tax Incremental Financing (TIF) projects:	
King Street Streetscape	2,684,209
Spring /Cannon Streetscape	75,734
Camden Cultural Towers Center	<u>55,270</u>
Total Gateway TIF projects	<u>2,815,213</u>
Drainage Fund projects:	
Market Street	503,794
Forest Acres	115,000
Byrnes Downs	73,207
Spring Street	174,987
Meeting Street	1,402,026
Church Creek	238,303
Alexander Street	<u>34,738</u>
Total Drainage Fund projects	<u>2,542,055</u>
Total governmental activities projects	<u>\$ 14,565,147</u>

Business-type activities

Parking Facilities Fund	<u>\$ 249,858</u>
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**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

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**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**I. LONG-TERM DEBT AND DEFEASED DEBT**

The City has the following forms of long-term indebtedness:

General Obligation Bonds – The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. General obligation bonds have been issued for both governmental fund and proprietary fund activities. These bonds are reported in the proprietary funds if they are expected to be repaid from proprietary fund revenues. The primary source of revenue for repayment of bonds reported in the governmental activities is property taxes. Parking fees are the primary source for payment of general obligation bonds reported in the business-type (enterprise) funds. General obligation bonds are direct obligations and pledge the full faith and credit of the City.

Certificates of Participation (COP) – The COPs were issued by the City of Charleston Public Facilities Corporation, a nonprofit corporation whose principal purpose is to facilitate the financing of public capital projects. The corporation issued certificates of participation with the proceeds being used to defray the costs of certain capital improvements, including construction of a ballpark, construction of a parking garage, renovation and expansion of the existing city police station, acquisition of land for fire stations, as well as construction of such stations, and other various capital expenditures.

The City leases certain of the assets acquired with the proceeds from the certificates under a master lease purchase agreement. For financial reporting purposes the City accounts for the certificates as its own debt. Approximately 72.3% and 27.7% of the COP is accounted for in the governmental activities and Parking Enterprise Fund, respectively. The COPs reported in the governmental activities are payable from property taxes and business licenses. The COPs reported in the business-type (enterprise) funds are repayable from parking garage revenues reported in those funds.

Special Redevelopment Bonds – These bonds financed the construction of Waterfront Park and redevelopment of the King Street Gateway district. Proceeds from the incremental increase in the tax base related to these properties, as well as parking fees generated by garages located in the district, will be used to repay the debt.

Revenue Bonds – The City's revenue bonds were used to finance construction and the purchase of real estate. Revenue bonds have been issued for both governmental and proprietary fund activities. A portion of the 1997 Revenue Bonds are reported in the proprietary funds since they are expected to be repaid from revenues, primarily parking fees, which are generated by proprietary fund activities. The 1990 and 2000 Revenue Bonds are secured by State of South Carolina accommodations taxes and City hotel accommodations taxes, respectively. The component unit (CPW) repays its bonds from revenues it generates from consumption and capacity charges to customers.

Capital Lease Obligations – The City uses notes and leases to finance the purchase of various equipment. Repayment is budgeted in the General Fund and the Stormwater Utility Fund.

Notes Payable – These obligations represent the notes payable which are not general obligations of the City. Repayment is budgeted in the general fund.

Compensated Absences Payable – These obligations represent accumulated annual leave and compensatory time benefits which were not funded by the current or prior years' revenue resources. These obligations are primarily funded by the general fund.

Claims and Judgments Payable – These include obligations for workers' compensation, health and dental insurance, probable litigation, liabilities and other obligations. General Fund revenues not appropriated for other payments are used to fund these obligations.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**I. LONG-TERM DEBT AND DEFEASED DEBT (CONTINUED)**

**Changes in long-term liabilities**

Long-term liability activity for the year ended December 31, 2002, is as follows:

**Primary government**

	January 1, 2002	Restate- ments (Note III.A.)	As restated	Additions	Reductions	December 31, 2002	Due within one year
<b><u>Governmental Activities</u></b>							
Bonds:							
General obligation	\$38,584,525	\$ -	\$ 38,584,525	\$ -	\$ (2,441,223)	\$ 36,143,302	\$ 2,990,900
Special redevelopment	18,233,333	-	18,233,333	16,966,667	(18,233,332)	16,966,668	1,553,693
Revenue	7,962,576	-	7,962,576	-	(1,042,799)	6,919,777	570,626
 Certificates of participation	16,585,620	-	16,585,620	-	(856,755)	15,728,865	896,520
 Notes	1,140,444	3,625,480	4,765,924	1,000,000	(171,620)	5,594,304	550,809
 Due to federal government	-	2,350,000	2,350,000	-	(890,000)	1,460,000	945,000
 Capital leases	10,634,584	(3,331,168)	7,303,416	2,615,000	(3,085,301)	6,833,115	2,717,139
 Claims and judgments	2,204,029	1,450,000	3,654,029	10,052,871	(8,838,209)	4,868,691	3,509,775
 Compensated absences	3,359,133	675,424	4,034,557	3,630,246	(3,303,019)	4,361,784	117,210
 Total long-term liabilities	<u>\$98,704,244</u>	<u>\$4,769,736</u>	<u>\$103,473,980</u>	<u>\$34,264,784</u>	<u>\$(38,862,258)</u>	<u>\$ 98,876,506</u>	<u>\$13,851,672</u>

	January 1, 2002	Additions	Reductions	December 31, 2002	Due within one year
<b><u>Business-type activities</u></b>					
General obligation bonds	\$ 19,589,430	\$ -	\$ (1,587,494)	\$ 18,001,936	\$ 1,375,500
Plus (less) deferred amounts					
For issuance premiums	660,177	-	(62,589)	597,588	-
On refunding costs	(947,596)	-	87,246	(860,350)	-
Total general obligation bonds	<u>19,302,011</u>	<u>-</u>	<u>(1,562,837)</u>	<u>17,739,174</u>	<u>1,375,500</u>
 Certificates of participation	6,354,380	-	(328,245)	6,026,135	343,480
Plus (less) deferred amounts					
For issuance discounts	(192,747)	-	14,103	(178,644)	-
Total certificates of participation	<u>6,161,633</u>	<u>-</u>	<u>(314,142)</u>	<u>5,847,491</u>	<u>343,480</u>
 Revenue bonds	<u>15,679,387</u>	<u>-</u>	<u>(535,379)</u>	<u>15,144,008</u>	<u>573,796</u>
 Compensated absences	<u>95,423</u>	<u>96,922</u>	<u>(71,861)</u>	<u>120,484</u>	<u>3,157</u>
 Total long-term liabilities	<u>\$ 41,238,454</u>	<u>\$ 96,922</u>	<u>\$ (2,484,219)</u>	<u>\$ 38,851,157</u>	<u>\$ 2,295,933</u>

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**I. LONG-TERM DEBT AND DEFEASED DEBT (CONTINUED)**

**Component unit**

	January 1, 2002	Additions	Reductions	December 31, 2002	Due within one year
Revenue bonds payable	\$ 310,755,000	\$ -	\$ (8,430,000)	\$ 302,325,000	\$ 10,265,000
Plus (less) deferred amounts					
For issuance premiums	7,432,227	-	(566,423)	6,865,804	-
For issuance discounts	(1,157,213)	-	78,599	(1,078,614)	-
On refunding costs	(17,254,932)	-	1,627,678	(15,627,254)	-
Total revenue bonds payable	299,775,082	-	(7,290,146)	292,484,936	10,265,000
Capital leases	724,207	479,071	(813,535)	389,743	102,712
Claims and judgments	450,000	3,336,263	(3,066,263)	720,000	720,000
Compensated absences	2,391,277	1,687,341	(1,536,278)	2,542,340	2,433,864
Total long-term liabilities	<u>\$ 303,340,566</u>	<u>\$ 5,502,675</u>	<u>\$ (12,706,222)</u>	<u>\$ 296,137,019</u>	<u>\$ 13,521,576</u>

**Bonds Payable**

There are a number of limitations and restrictions contained in the various bond indentures. Management believes the City and its component unit (CPW) are in compliance with all significant limitations and restrictions.

**Primary government**

The following is a summary of each long-term bond obligation of the governmental activities of the City at December 31, 2002.

Year Issued	Primary Use of Funds	Interest Rates and Payment Dates	Annual Principal Payments	Maturity	Original Issue	Outstanding at 12/31/02
<i>General Obligation Bonds:</i>						
1993	Refunding VRTC & Marine Science Museum	4.50% - 5.30% 4/1 and 10/1	\$ 360,000 to \$1,130,000	2011	\$11,050,000	\$8,290,000
1995	Hugo and Parks	4.50% - 6.50% 3/1 and 9/1	\$ 300,000 to \$700,000	2007	4,875,000	3,150,000
1996	Refunding drain- age and parking garages	4.50% - 6.25% 3/1 and 9/1	\$ 408,885 to \$768,137	2012	8,338,425	6,929,780
1997	Recreation, Police and Fire	4.75% - 6.75% 2/1 and 8/1	\$ 150,000 to \$875,000	2009	5,200,000	4,450,000
1998	Land for Fire Station	6.14% 1/15, 4/15, 7/15 and 10/15	\$17,482 \$52,269	2006	353,000	175,240
1998	Parks and Capital Projects	4.25% - 6.25% 2/1 and 8/1	\$ 75,000 to \$350,000	2013	2,800,000	2,625,000

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**I. LONG-TERM DEBT AND DEFEASED DEBT (CONTINUED)**

<u>Year Issued</u>	<u>Primary Use of Funds</u>	<u>Interest Rates and Payment Dates</u>	<u>Annual Principal Payments</u>	<u>Maturity</u>	<u>Original Issue</u>	<u>Outstanding at 12/31/02</u>
<i>General Obligation Bonds (continued)</i>						
2001	Recreation, Capital Projects	3.5% - 5.25% 1/1 and 7/1	\$ 250,000 to \$1,000,000	2015	\$ 7,700,000	\$ 7,700,000
2001	Refunding Recreation and Parking Garages	3.5% -5.0% 1/1 and 7/1	\$76,538 to \$355,740	2012	2,899,820	2,823,282
<i>Total General Obligation Bonds:</i>					<u>43,216,245</u>	<u>36,143,302</u>
<i>Certificates of Participation:</i>						
1993	Ball Park, Municipal Complex	3.5% - 5.0% 3/1 and 9/1	\$ 650,700 to \$1,594,215	2015	21,690,000	15,728,865
<i>Special Redevelopment Bonds:</i>						
2002	Refunding Waterfront Park	4.57% 2/1 and 8/1	\$ 314,286 to \$3,457,142	2006	4,400,000	4,400,000
2002	Refunding King Street Gateway	4.75% 2/1 and 8/1	\$1,239,407 to \$1,432,726	2013	12,566,668	12,566,668
<i>Total Special Redevelopment Bonds:</i>					<u>16,966,668</u>	<u>16,966,668</u>
<i>Revenue Bonds:</i>						
1990	Parks	6.5% 1/27 and 7/27	\$ 25,510 to \$48,640	2005	500,000	119,777
2000	Daniel Island Tennis Center	8.01% 3/1 and 9/1	\$ 500,000 to \$1,000,000	2015	8,800,000	6,800,000
<i>Total Revenue Bonds:</i>					<u>9,300,000</u>	<u>6,919,777</u>
<b>Total Bonds</b>					<u><b>\$ 91,172,913</b></u>	<u><b>\$ 75,758,612</b></u>

The following is a summary of each long-term bond obligation of the business-type activities of the City at December 31, 2002.

<u>Year Issued</u>	<u>Primary Use of Funds</u>	<u>Interest Rates and Payment Dates</u>	<u>Annual Principal Payments</u>	<u>Maturity</u>	<u>Original Issue</u>	<u>Outstanding at 12/31/02</u>
<i>General Obligation Bonds:</i>						
1996	Parking garage construction	4.50% - 6.25% 3/1 and 9/1	\$ 456,115 to \$846,316	2012	\$ 9,301,575	\$ 7,730,218
2001	Partial refunding of 1993 and 1995 bonds	3.5% -5.0% 1/1 and 7/1	\$278,462 to \$1,294,260	2012	10,550,180	10,271,718
Bond premium					688,463	597,588
Deferred loss on defeasance of 1991 bonds during 1996					(622,155)	(388,847)
Deferred loss on defeasance of 1993 and 1995 bonds during 2001					<u>(531,953)</u>	<u>(471,503)</u>
<i>Total General Obligation Bonds:</i>					<u>19,386,110</u>	<u>17,739,174</u>



**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**I. LONG-TERM DEBT AND DEFEASED DEBT (CONTINUED)**

<u>Year Issued</u>	<u>Primary Use of Funds</u>	<u>Interest Rates and Payment Dates</u>	<u>Annual Principal Payments</u>	<u>Maturity</u>	<u>Original Issue</u>	<u>Outstanding at 12/31/02</u>
<i>Certificates of Participation:</i>						
1993	Parking garage construction	3.5% - 5.0% 3/1 and 9/1	\$ 227,000 to \$610,785	2015	\$ 8,310,000 (310,276)	\$ 6,026,135 (178,644)
Original issue discount						
<i>Total Certificates of Participation</i>					<u>7,999,724</u>	<u>5,847,491</u>
<i>Revenue Bonds:</i>						
1997	Parking garage construction	6.95% for 5 yrs. LIBOR + 1 after Monthly	\$ 314,300 to \$1,513,934	2018	<u>16,907,850</u>	<u>15,144,008</u>
Total Bonds					<u>\$ 44,293,684</u>	<u>\$ 38,730,673</u>

**Component unit**

CPW's Revenue bonds payable consist of bonded indebtedness secured by statutory liens on the pledged revenues. Revenue bonds outstanding at year-end are as follows:

<u>Description</u>	<u>Interest Rates</u>	<u>Amount</u>
\$196,335,000 City of Charleston, SC, Waterworks and Sewer System Refunding and Capital Improvement Revenue Bonds, Series 1991, maturing 1993 to 2022 Unamortized original issue discount	3.50% to 6.00%	\$ 33,090,000 (1,078,614)
\$176,570,000 City of Charleston, SC, Waterworks and Sewer System Refunding and Capital Improvement Revenue Bonds, Series 1998, maturing 1999 to 2024 Premium Unamortized deferred refunding costs	3.25% to 5.25%	172,910,000 818,706 (8,329,432)
\$96,650,000 City of Charleston, SC, Waterworks and Sewer System Refunding Revenue Bonds, Series 2001, maturing 2002 to 2018 Premium Unamortized deferred refunding costs	3.5% to 5.25%	96,325,000 6,047,098 (7,297,822)
Total revenue bonds outstanding		292,484,936
Current portion of bonds payable		<u>(10,265,000)</u>
Long-term portion of bonds payable		<u>\$ 282,219,936</u>

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

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**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**I. LONG-TERM DEBT AND DEFEASED DEBT (CONTINUED)**

***Notes Payable***

**Primary government**

The City is obligated to the Charleston County Parks and Recreation Commission in the amount of \$292,695 (Note V. A). The note is unsecured. The outstanding balance, plus accrued interest was paid in full subsequent to year-end.

Also, in 2001, the City entered into a financing agreement bearing interest at 5.45%, secured by a lien on building improvements. The agreement requires annual payments of \$366,811 and matures in 2016. The outstanding balance at December 31, 2002 was \$3,510,985.

In January 2001 the CPW issued to the City a note in the amount of \$900,000, maturing in 2012, payable semi-annually, bearing interest at 5.75%, collateralized by real and personal property. The balance of the note at December 31, 2002, was \$790,624 (Note III. C. and V.D.)

The City is obligated for a note guaranteed under Section 108 of the U.S. Department of Housing and Urban Development in the amount of \$1,000,000, bearing interest from 1.75% to 6.12%. Principal payments range from \$25,000 in 2003 to \$85,000 in 2022, when the note matures. The proceeds may be spent for the purpose of acquisition and rehabilitation of real property, rehabilitation of publicly owned and other real property eligible under the Department of Housing and Urban Development's Community Development Block Grant program, as well as related relocation, clearance, and site improvements.

***Capital Leases Payable***

**Primary Government**

The City has entered into several capital lease agreements with payment terms varying from 36 to 48 months and interest rates varying from 4.52% to 5.69%, secured by various vehicles, computer hardware and other equipment. Additionally, effective May 15, 1993, the City leased 35.29% of the office space in the Charleston County School District's administrative building on Calhoun Street, conveyed land to the District for a nominal cost, and initiated annual lease payments to the District equal to 35.29% of the District's debt service on bonds which funded the construction of the building. The City reimburses the District for certain operating and maintenance expenses. The recorded cost basis of the City's portion of the building, as restated to correct the outstanding balance, is \$3,200,803. The interest rates of the related debt are 5.00% to 6.125%. Title of the building does not pass to the City at any time. The City may use the space through 2093.

The assets acquired through capital leases are as follows:

Buildings	\$ 3,200,803
Equipment	<u>9,458,017</u>
	12,658,820
Less accumulated depreciation	<u>( 2,973,550)</u>
	<u>\$ 9,685,270</u>

Amortization expense for buildings and equipment under capital leases is included in depreciation expense.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**I. LONG-TERM DEBT AND DEFEASED DEBT (CONTINUED)**

The remaining lease payments as of December 31, 2002, are as follows:

<u>Year Ending</u>	<u>Equipment</u>	<u>Portion of Building</u>	<u>Total</u>
2003	\$ 2,666,820	\$ 334,479	\$ 3,001,299
2004	1,750,494	334,064	2,084,558
2005	851,015	332,185	1,183,200
2006	199,707	332,862	532,569
2007	-	332,458	332,458
2008-2012	-	330,973	330,973
Total minimum lease payments	5,468,036	1,997,021	7,465,057
Less amount representing interest	<u>(307,667)</u>	<u>(324,275)</u>	<u>(631,942)</u>
Present value of capital lease payments	<u>\$5,160,369</u>	<u>\$1,672,746</u>	<u>\$ 6,833,115</u>

Total interest paid on the equipment and building and improvements obligations for the year ended December 31, 2002, was approximately \$362,300.

At December 31, 2002, the City had \$1,300,340 in unexpended capital lease proceeds, for which fund balance has been reserved in the Parks, Recreation and Public Safety Capital Projects Fund.

**Component unit**

The CPW has entered into various lease agreements to finance the acquisition of property and equipment. These leases qualify as capital leases for accounting purposes and therefore have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The assets acquired through capital leases are as follows:

Equipment	\$ 750,219
Less accumulated depreciation	<u>(279,437)</u>
	<u>\$ 470,782</u>

The following is a schedule of the future minimum lease obligations and the net present value of the minimum lease payments at December 31, 2002.

<u>Year Ending</u>	<u>Amount</u>
2003	\$ 120,484
2004	104,907
2005	104,907
2006	<u>104,907</u>
Total minimum lease payment	435,205
Less: amount representing interest	<u>(45,462)</u>
Present value of future minimum lease payments	<u>\$ 389,743</u>

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**I. LONG-TERM DEBT AND DEFEASED DEBT (CONTINUED)**

In 2002 the CPW paid \$38,915, representing interest imputed at 6% per annum on a lease with the Charleston Naval Complex Redevelopment Authority. See Note V.E.

Amortization expense for buildings and equipment under capital leases is included in depreciation expense.

***Debt service requirements to maturity***

**Primary government**

At December 31, 2002, future debt service requirements for bonds, including Certificates of Participation, were as follows:

*Governmental activities*

Year ending	General Obligation		Special Redevelopment		Revenue		Certificates of Participation	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2003	\$ 2,990,900	\$ 1,679,455	\$ 1,553,693	\$ 908,046	\$ 570,626	\$ 551,736	\$ 896,520	\$ 778,089
2004	3,525,259	1,535,403	1,747,012	851,640	573,640	506,670	936,285	736,849
2005	3,824,722	1,368,073	1,747,012	766,754	550,511	461,406	979,665	692,844
2006	4,122,481	1,184,557	4,889,869	684,137	525,000	418,522	1,026,660	645,820
2007	4,318,041	978,103	1,432,726	459,508	525,000	376,470	1,077,270	594,487
2008-2012	14,411,899	2,383,148	5,596,356	1,140,778	2,625,000	1,251,564	6,253,950	2,108,268
2013-2017	2,950,000	278,250	-	-	1,550,000	246,308	4,558,515	463,262
	<u>\$ 36,143,302</u>	<u>\$ 9,406,989</u>	<u>\$ 16,966,668</u>	<u>\$ 4,810,863</u>	<u>\$ 6,919,777</u>	<u>\$ 3,812,676</u>	<u>\$ 15,728,865</u>	<u>\$ 6,019,619</u>

*Business-type activities*

Year ending	Bonds				Certificates of Participation	
	General Obligation		Revenue		Principal	Interest
	Principal	Interest	Principal	Interest		
2003	\$ 1,375,500	\$ 883,836	\$ 573,796	\$ 1,034,459	\$ 343,480	\$ 298,106
2004	1,873,987	819,842	614,970	993,285	358,715	282,306
2005	1,947,547	730,001	659,098	949,157	375,335	265,446
2006	2,029,844	634,486	706,393	901,862	393,340	247,430
2007	1,641,959	528,627	757,082	851,173	412,730	227,763
2008-2012	9,133,099	1,261,961	4,682,585	3,358,690	2,396,050	807,732
2013-2017	-	-	6,621,671	1,419,604	1,746,485	177,489
2018-2022	-	-	528,413	7,677	-	-
Subtotal	18,001,936	4,858,753	15,144,008	9,515,907	6,026,135	2,306,272
Less unamortized original issue discount/premium and deferred refunding costs	(262,762)	-	-	-	(178,644)	-
	<u>\$ 17,739,174</u>	<u>\$ 4,858,753</u>	<u>\$ 15,144,008</u>	<u>\$ 9,515,907</u>	<u>\$ 5,847,491</u>	<u>\$ 2,306,272</u>

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**I. LONG-TERM DEBT AND DEFEASED DEBT (CONTINUED)**

**Primary government**

At December 31, 2002, future debt service requirements for notes payable are:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 550,809	\$ 319,016
2004	271,188	276,920
2005	289,995	262,523
2006	304,578	247,043
2007	324,979	230,608
2008-2012	1,912,913	866,973
2013-2017	1,564,842	344,570
2018-2022	375,000	71,039
	<u>\$5,594,304</u>	<u>\$ 2,618,692</u>

**Component unit**

As of December 31, 2002, CPW's revenue bond debt service requirements to maturity are as follows:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 10,265,000	\$ 14,675,460
2004	10,655,000	14,181,260
2005	11,165,000	13,676,906
2006	11,665,000	13,161,938
2007	12,190,000	12,612,613
2008-2012	70,760,000	52,889,863
2013-2017	90,720,000	32,356,970
2018-2022	75,855,000	9,198,462
2023-2027	9,050,000	411,750
Less unamortized original issue discount and deferred refunding cost plus amortization of premium	<u>(9,840,064)</u>	<u>-</u>
Total	<u>\$ 292,484,936</u>	<u>\$ 163,165,222</u>

***Tax Anticipation Note Payable***

The City of Charleston and Charleston County have a unified tax collection system. The proceeds of tax anticipation notes provide operating revenue until taxes are collected. The notes outstanding at December 31, 2002, bearing interest at 2.25%, were paid March 15, 2003.

***Defeasance of Debt***

**Primary government**

During the year 2002, the City refunded \$4.4 million of special obligation redevelopment bonds for a current refunding of \$4.4 million in redevelopment bonds. The refunding was undertaken to extend payment terms and obtain more favorable rates. The reacquisition price is equal to the net carrying value of the old debt.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

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**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**I. LONG-TERM DEBT AND DEFEASED DEBT (CONTINUED)**

The refunding results in an increase in debt service payments over the next four years of \$1,032,529 and an economic loss (difference between the present values of old and new debt service payments) of \$392,000.

The City also issued \$15.5 million of special obligation redevelopment bonds in a current refunding. The refunding was undertaken to decrease payment terms by two years, to obtain additional financing of \$3 million (authorized, but unissued at year-end) and to obtain more favorable rates. The reacquisition price is equal to the net carrying value of the old debt. The refunding reduces total debt service by \$1.5 million and results in an economic gain (difference between the present values of old and new debt service payments) of \$1.2 million.

**Component unit**

In prior years, the CPW defeased a portion of its 1991 series revenue bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the CPW's financial statements. During 2002, the balance of such defeased debt, amounting to \$129,205,000, was called and paid in full.

***Legal Debt Limit***

The City's borrowing power is restricted by the State Constitution. This constitution provides that a local unit cannot at any time have total debt outstanding in an amount that exceeds 8 percent of its assessed property value. Excluded from the limitation are: special revenue bonds; bonded indebtedness approved by the voters and issued within five years of the date of such referendum; special bonded indebtedness levies assessed on properties located in an area receiving special benefits from the taxes collected; and bonded indebtedness existing on December 1, 1977, the effective date of amendment of Article X of the Constitution of South Carolina pertaining to bonded debt. The City's legal debt margin at December 31, 2002, was \$18,657,570.

**J. OPERATING LEASES**

The City is committed under various noncancelable operating leases for office space, parking lots and certain equipment. Operating lease expenditures for the year ended December 31, 2002, were approximately \$1.9 million. Future minimum lease payments for these leases are as follows:

2003	\$ 1,965,111
2004	1,819,423
2005	1,473,998
2006	1,310,266
2007	1,244,184
2008-2012	6,810,445
2013-2017	6,365,950
2018-2022	6,305,690
2023-2027	6,215,300
2028-2032	76,040
2033-2037	<u>74,823</u>
Total	<u>\$ 33,661,230</u>

Operating leases of the CPW were not material.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

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**III. DETAILED NOTES ON ALL FUNDS (CONTINUED)**

**K. FUND BALANCE RESERVES AND DESIGNATIONS**

The reserve for drainage projects of \$365,672 in the General Fund represents earmarked property tax revenues of years prior to the establishment of the Drainage Capital Projects Fund. The year-end reserves for non-current receivables in the capital projects funds of \$3,452,952 represent a long-term note for the Riviera Theater (see Note III. C.), net of related payables, which do not represent available expendable resources. Other special revenue reservations in the amount of \$108,113 are comprised of contributions which specified that the contribution and earnings thereon be spent for specific purposes.

The components of the General Fund balance sheet account Designated for Subsequent Years' Appropriations are as follows:

Appropriated in 2003 budget for:	
Specific projects and programs	\$ 1,234,187
General operations	400,000
Additional management designations	<u>324,855</u>
Total designations	<u>\$ 1,959,042</u>
Designations are allocated as follows:	
Pavement management	\$ 700,000
Lockwood Boulevard building roof repair	171,491
State traffic signal program	161,643
Youth employment projects	71,000
Garbage truck	130,000
Design and preservation project	80,000
Traffic signal replacement plan	43,000
Council chamber projects	22,823
General operations	400,000
Various parks projects and other	<u>179,085</u>
	<u>\$ 1,959,042</u>

**IV. RETIREMENT AND DEFERRED COMPENSATION PLANS**

**A. EMPLOYEES' DEFINED BENEFIT PLANS**

**Primary government**

*South Carolina Retirement and Police Officer's Retirement System*

Plan Description. The City contributes to both the South Carolina Retirement System (SCRS) and to the South Carolina Police Officers' Retirement System (SCPORS), which are cost-sharing multiple-employer defined benefit pension plans administered by the Retirement Division of the State Budget and Control Board. Both the South Carolina Retirement System and Police Officers Retirement System offer retirement and disability benefits, cost of living adjustments on an ad-hoc basis, life insurance benefits and survivor benefits. The Plan's provisions are established under Title 9 of the SC Code of Laws. A Comprehensive Annual Financial Report containing financial statements and required supplementary information for the South Carolina Retirement System and Police Officers Retirement System is issued and publicly available by writing the South Carolina Retirement Systems, P.O. Box 11960, Columbia, SC 29211-1960.

Funding Policy. SCRS Plan members are required to contribute 6% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 6.7% of annual covered payroll. The City's contributions to SCRS for the years ended December 31, 2002, 2001, and 2000, were \$2,086,650, \$1,920,499, and \$1,812,948, respectively, equal to the required contributions for each year. Additionally, participating employers of the SCRS contribute .15% of payroll to provide a group life insurance benefit for their participants.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

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**IV. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)**

**A. EMPLOYEES' DEFINED BENEFIT PLANS (CONTINUED)**

SCPORS Plan members are required to contribute 6.5% of their annual covered salary and the City is required to contribute at an actuarially determined rate. The current rate is 10.3% of annual covered payroll. The City's contributions to SCPORS for the years ended December 31, 2002, 2001 and 2000, were \$1,403,898, \$1,362,194, and \$1,296,987, respectively, equal to the required contributions for each year. Additionally, participating employers of the SCPORS contribute .2% each of payroll to provide group life insurance and accidental death benefits for their participants.

*Police Relief and Pension Fund*

In addition to the SCPORS and SCRS, the City also provides supplemental retirement benefits to certain retired police officers.

The Police Relief and Pension Fund is a single-employer defined benefit pension plan administered by the City Council via a commission comprised of the Mayor Ex Officio and six (6) citizens appointed by the City Council. No separate financial statement is issued for the plan. The pension benefit provides supplemental retirement benefits to all police officers that were employed by the City as of November 1, 1949, and who served continuously for total Police Department service years in excess of twenty-five (25) years.

Current membership in the Police Relief and Pension Fund is comprised of three retirees who are currently receiving benefits. The retirees receive monthly payments from this plan for the remainder of their natural lives. There are no current active employees who meet the criteria for participation in this plan, therefore, there is no covered payroll for the year ended December 31, 2002. The Police Relief and Pension Fund is closed to new entrants.

Investments consisted of mutual funds of \$749,110. Investments are reported at fair value.

There is no actuarial basis to funding the plan. The City funds the benefits payable on an annual basis in accordance with the contribution policy. The City pays into the Police Relief and Pension Fund five (5) percent of the fines imposed in the Municipal Court, all fines imposed upon members of the Police Department, and all money payable by anyone for service of any member of the Police Department detailed on special duty. Funds in excess of \$225,000, on December 1 of each year, are payable to the Waterfront Projects Fund. During the twelve months ended December 1, 2002 the fund experienced a depreciation in the value of investments amounting to \$153,454, and no funds were transferred to the Waterfront Project Fund. There are no employee contributions required or accepted. Costs to administer the plan are paid by the City's General Fund.

The net assets of the Police Relief and Pension Fund are required to be reserved for the purpose of paying the supplemental retirement benefits. The balance in the reserve at December 31, 2002, was \$258,863. There are no long-term contracts for contributions.

Actuarially determined estimated annual required employer contributions have ranged from \$14,000 in 1994, decreasing to \$10,000 in 1999. The actuarial valuation date was December 31, 1999. The entry age normal cost method, and investment rate of 8% and inflation of 2% are applied in the actuarial computation. Projected salary increases and cost of living adjustments are not applicable.

The plan has been funded in excess of the actuarially determined contribution for many years. Current assets of the plan exceed the present value of the benefit obligations by approximately \$250,000. Three retirees and no active participants remain in the plan.

Benefit payments are paid according to the retiree's professional position at time of retirement. Monthly benefit payments range from \$100 to \$200. Actuarial determination of the annual employer's contribution and benefit obligations have not been prepared. For the year ended December 31, 2002, the annual pension cost was \$3,560. Contributions of \$82,266 were made during 2002.



**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

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**IV. RETIREMENT AND DEFERRED COMPENSATION PLANS (CONTINUED)**

**A. EMPLOYEES' DEFINED BENEFIT PLANS (CONTINUED)**

The net assets held for pension benefits are more than adequate to pay future benefits. Based on participants' ages ranging from 77 to 81 and low monthly benefit amounts, the City estimates the future liability to be well under \$20,000 in relation to net assets available for pension benefits of \$258,863.

**Component unit**

*South Carolina Retirement System*

The CPW participates in the South Carolina Retirement System (SCRS). Plan members are required to contribute 6% of their annual covered salary and CPW is required to contribute at an actuarially determined rate, which is currently 6.7% of annual covered compensation. CPW's contributions to the SCRS for the years ended December 31, 2002, 2001, and 2000, were \$1,134,076, \$1,054,313, and \$1,021,254, respectively, equal to the required contribution each year.

**B. DEFERRED COMPENSATION PLANS**

**Internal Revenue Code Section 457 Plan** – The City offers its employees a deferred compensation plan, offered through the State of South Carolina, created in accordance with Internal Revenue Code Section 457. The plan, available to all regular employees, permits participants to defer a portion of their salaries until future years. The deferred compensation is not available to the employee or his beneficiaries until termination, retirement, death, disability or an approved hardship.

All amounts of compensation deferred under the plan are held in trust for the contributing employee and are not subject to claims of the employer's general creditors. The plan is administered by the State of South Carolina.

**Internal Revenue Code Section 401(k) Plan** – The City also offers its employees participation in a deferred compensation plan, offered through the State of South Carolina, created in accordance with Internal Revenue Code Section 401(k). The 401(k) plan has the same eligibility requirements as the 457 plan, although the withdrawal provisions are more lenient under the 401(k). All amounts of compensation deferred under the plan are held in trust for the contributing employee and are not subject to claims of the employer's general creditors. The funds are administered by the State of South Carolina.

**V. OTHER INFORMATION**

**A. COMMITMENTS, CONTINGENCIES AND LITIGATION**

***Commitments***

**Primary government**

The City had various contractual commitments of approximately \$3.6 million at December 31, 2002, for drainage, streetscape, and various parks and recreational projects.

*Marine Science Museum* – Construction of a marine science museum, commonly referred to as the South Carolina Aquarium, was substantially completed during 2000 and officially opened to public visitation on May 19, 2000. The land on which the Aquarium was constructed is leased from the National Parks Service through 2045 without rent.

A separate South Carolina Aquarium Corporation (SCA), a not-for-profit corporation, has been formed, which does not qualify as a component unit of the City. During 1997 the City entered into an agreement with the SCA whereby the SCA will lease the Aquarium from the City without cost through July 2045. This lease is expected to be extended for an additional 50 years. The SCA will be responsible for all operations and related costs, and construction and funding of interior exhibits. SCA will pay to the City 50% of any remaining cash flow after operating expenses, debt service, depreciation reserve provisions, and a

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

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**V. OTHER INFORMATION (CONTINUED)**

**A. COMMITMENTS, CONTINGENCIES AND LITIGATION (CONTINUED)**

cumulative \$2 million operating shortfall reserve. The City will use such amounts, if any, to satisfy debt service on the \$9.5 million general obligation bond.

*Charleston Maritime Center and PRC Agreement* – During 1995 the City entered into a master lease with the Charleston County Park and Recreation Commission (PRC), which provided for the use of land, investment and access and use requirements related to the Maritime Center. Subsequent to revisions of the planned use of the Maritime Center, a revised agreement (the Agreement) was established during 1997. This Agreement provides that in the event the City desires to sell the Center within fifty years, the City grants a right of first refusal to PRC, at the offered price less \$1,500,000. If PRC declines its right to purchase, \$1,500,000 shall be paid to PRC from the proceeds. If the City elects to lease the special events pier in a manner to deny public use within fifty years, the City shall pay PRC the \$1,500,000 plus interest. The City's intention is to retain and operate the Maritime Center within the terms of the Agreement and in a manner to avoid the return of PRC's contribution of \$1,500,000. Accordingly, the potential obligation to repay the contribution, or possible impairment of the asset value, has not been recorded, as it is unlikely that such events will occur. See Note III. I. regarding a separate note payable to PRC.

*Daniel Island* – The City has entered into an agreement with The Daniel Island Company, Inc. and related entities, whereby the parties commit to certain planned development of Daniel Island. The City has committed to the establishment of various public safety, public service, recreation and other governmental services, including the development of several parks and the building of certain municipal facilities.

**Component unit**

The CPW had contractual commitments of approximately \$14.5 million for plant construction at December 31, 2002.

***Contingent Liabilities***

*Grants* - Amounts received or receivable from grantor agencies in previous years are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, could become a liability of the General Fund or other applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the government expects such amounts, if any, to be immaterial.

*Litigation* - The City and CPW are contingently liable with respect to lawsuits and other claims incidental to the ordinary course of its operations. In the opinion of management, based on the advice of legal counsel with respect to litigation, the ultimate disposition of these lawsuits and claims will not materially affect the City or CPW's financial position.

*Unemployment Compensation* - The City and CPW make payments to the South Carolina Employment Security Commission on a reimbursement basis for costs incurred in the administration of the state unemployment compensation statutes. Claims incurred but not reported at December 31, 2002, are not significant.

**B. RISK MANAGEMENT**

**Primary government**

The City establishes liabilities for claims and judgments based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the coverage involved. Estimated amounts of salvage, subrogation, and reinsurance recoverable on unpaid claims are deducted from the liability for unpaid claims. Because actual claim costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

**V. OTHER INFORMATION (CONTINUED)**

**B. RISK MANAGEMENT (CONTINUED)**

process used in computing claim liabilities does not necessarily result in an exact amount, particularly for coverages such as general liability. Adjustments to claim liabilities are charged or credited to expense in the period in which they are made.

**Health and Dental Insurance** – The City is self-insured for medical, dental and prescription coverage within certain individual employee limits and an aggregate limit of \$8,645,076 for all payments in 2002 plus claims incurred during 2002 and subsequently paid. Health claims are handled by an administrator and the stop-loss provision is incurred as of December 31, 2002. The incurred but not reported (IBNR) is estimated by the City's management.

**Workers' Compensation Insurance** – The City self-insures workers' compensation and general liability programs. The City accounts for the workers' compensation program in the General Fund to the extent of available financial resources. Claims liability in excess of available financial resources is recorded in the Statement of Net Assets. The specific stop-loss and aggregate retention provisions for workers' compensation are \$350,000 and \$1,640,192, respectively.

**Other Claims and Judgments** – The City is exposed to various other risks of loss and maintains coverage with the South Carolina Insurance Reserve Fund (SCIRF), a self-sustaining, public entity risk pool, for certain property damage, tort and general liability, for which premiums are paid. Additional funding is provided by Federal Emergency Management Agency (FEMA) in the case of certain disasters.

Changes in the balance of liabilities for claims and judgments during the last two years were as follows:

Primary government					
	Year	Beginning Of Year Liability	Claims and Changes In Estimates	Claims Paid	End Of Year Liability
Health and Dental Insurance:	2002	\$1,400,000	\$7,514,245	\$(6,914,245)	\$2,000,000
	2001	\$ 722,898	\$7,234,743	\$(6,557,641)	\$1,400,000
Worker's Compensation Insurance:	2002	\$1,934,029	\$2,538,626	\$(1,916,824)	\$2,555,831
	2001	\$1,944,195	\$1,346,575	\$(1,356,741)	\$1,934,029
Other Claims and Judgments:	2002	\$ 320,000	\$ -	\$ (7,140)	\$ 312,860
	2001	\$ 330,000	\$ -	\$ (10,000)	\$ 320,000

Property and casualty coverage policies are accounted for in the General Fund, as well as other insurance policies, such as surety bond coverage and miscellaneous floaters. Funds are expended based on premium amounts and administrative charges. The City had no significant reductions in insurance coverage during the year. The limits of liability for tort actions not specifically exempt by the South Carolina Government Tort Claims Act is \$600,000 per occurrence. For those risks covered by insurance, claims did not exceed coverage during the past three years.

**Component unit**

The CPW is a member of the SCIRF to insure against various risks of loss related to torts; errors and omissions; theft of, damage to and destruction of assets and natural disasters. For this general insurance, the CPW pays an annual premium.

The CPW is self-insured, with limited risk management programs for workers' compensation and health insurance. The CPW has a specific excess workers' compensation and employers' liability indemnity policy with a private insurer for each accident and each employee illness in excess of \$275,000. Also, with a private insurer, the CPW has stop-loss coverage on its health insurance plan of \$70,000 per employee and \$2,800,000 of aggregate claims.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

**V. OTHER INFORMATION (CONTINUED)**

**B. RISK MANAGEMENT (CONTINUED)**

Changes in the balance of liabilities for claims and judgments for the CPW during the last two years were as follows:

	Year	Beginning Of Year Liability	Claims and Changes In Estimates	Claims Paid	End of Year Liability
Health and Dental Insurance	2002	\$ 250,000	\$ 2,979,199	\$(2,759,199)	\$ 470,000
	2001	\$ 325,000	\$ 2,705,568	\$(2,780,568)	\$ 250,000
Workers' Compensation Insurance	2002	\$ 200,000	\$ 357,064	\$ (307,064)	\$ 250,000
	2001	\$ 110,000	\$ 341,623	\$ (251,623)	\$ 200,000

**C. POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS**

**Primary government**

In accordance with the summary plan document approved annually by City Council, the City permits certain retirees to participate in its group health and dental care plans. Employees become eligible while working for the City upon attaining age fifty-five (55), with fifteen years of qualified service. Currently, one hundred forty-eight (148) retirees meet those eligibility requirements.

Participants pay monthly premiums directly to the City of Charleston Human Resources Department. In accordance with contractual provisions of both plans, participants must meet specified annual deductible requirements. Thereafter, the plan pays a percentage of allowable claims depending on the services provided. The City pays 100% of allowable claims after the participant has paid the annual out-of-pocket limit prescribed by the health insurance plan. Both the health insurance and dental plans disallow claims in excess of specified annual and lifetime maximums. In addition, if the participant receives Medicare benefits, Medicare will provide primary coverage and the City's health insurance plan will be secondary.

Both health insurance and dental plans are financed on a pay-as-you-go basis. During the year ended December 31, 2002, the City recognized expenses (prior to participant contributions) of \$1,072,475 to provide health and dental benefits to participants in postemployment status.

**Component unit**

The CPW Board of Commissioners approves and provides postemployment health and dental care benefits for certain retirees and their dependents through their self-insured health and dental plan. A portion of the cost is borne by the retirees via premiums paid depending upon years of service and date of retirement. The CPW finances these benefits on a pay-as-you-go basis and incurred costs of \$298,916 in 2002.

**D. RELATED PARTY**

During the year ended December 31, 2002, the CPW contributed to the City \$1,095,000.

In addition, in January 2001, the City purchased real estate and personal property from the CPW, at a cost of \$965,000, in exchange for \$65,000 and a note payable in the amount of \$900,000 to the CPW in semi-annual payments for 12 years at a rate of 5.75%. During the year ended December 31, 2002, the CPW received \$57,124 in principal and \$47,936 in interest on the note. The balance at December 31, 2002, was \$790,624. See also, Notes III. C. and III. I.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2002**

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**V. OTHER INFORMATION (CONTINUED)**

**E. OTHER ITEM**

In March 1997, the CPW entered into a capital lease for land and buildings at the former Naval Base with the Charleston Naval Complex Redevelopment Authority. The lease term is for 25 years with total payments of \$1,250,000 payable over the first five years. If the property is conveyed to the Authority by the U.S. Government during this lease term or any extensions thereof, the CPW has the option to purchase the property for \$1,250,000, against which there shall be applied a credit of the total amount paid in accordance with the lease.

**VI. SUBSEQUENT EVENTS**

Subsequent to December 31, 2002, the following material transactions occurred:

- The City entered into a lease purchase agreement in the amount of \$2,514,000 bearing interest at 3.59 percent; the proceeds to be used for the purchase of machinery and equipment.
- The Board of Commissioners of the CPW approved various construction and engineering contracts totaling \$534,826.
- City Council approved various construction and engineering contracts totaling \$8.6 million.
- The City of Charleston Public Facilities Corporation, a blended component unit of the City issued \$21,245,000 of Refunding Certificates of Participation to advance refund a portion of the 1993 Certificates of Participation.

# SUPPLEMENTARY FINANCIAL INFORMATION



# Combining Financial Statements and Schedules



**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NONMAJOR GOVERNMENTAL FUNDS - SPECIAL REVENUE FUNDS**  
**YEAR ENDED DECEMBER 31, 2002**

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These funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are restricted (legally or by Mayor and Council) to finance particular functions or activities.

**Accommodations Tax** accounts for the City's share of the two percent statewide tax on lodging allocated from the State of South Carolina, for promotion of the Visitors Bureau and other tourism-related activities.

**Housing and Urban Development** accounts for the Community Development Block grants and Home Program grants expended by the City to revitalize and restore the City's urban areas.

**Cultural Festivals and Events** accounts for the grants, private donations, and user fee revenues, and various program and general expenses of the annual Piccolo Spoleto, Moja and other festivals.

**Francis Marion Hotel** accounts for federal loans for the development of the Francis Marion Hotel.

**Hospitality Fee** accounts for the fee on prepared food and beverages sold, 2% in establishments with a liquor license and 1% in all others. The funds are transferred to the General Fund to offset the costs of tourism-related services. The fund was previously named the Alcohol/Restaurant Fee.

**Justice Department Grants** accounts for the activities in the 1999, 2000 and 2001 Block Grants, Justice Department COPS Ahead Grant, the Technology Grant, and Weed and Seed.

**Land Sales** accounts for the sale of property and the subsequent transfer to various capital projects funds.

**Municipal Accommodations Fee** became effective in March 1996. Ordinances established two separate 1% fees to be imposed on the gross proceeds derived from the transient rental of accommodations within the City. The fees are used to defray the cost of capital improvements and operating costs beneficial to the tourism industry to provide property tax relief.

**Resystemization Fund** accounts for funds received for the purchase of a new financial/management software system for the City.

**SCE&G Environmental** accounts for funds received under an agreement with SCE&G to assist with mitigation and control of potentially hazardous materials at various sites near Calhoun and Concord Streets.

**SCE&G Non-Standard Service** accounts for funds used to finance special equipment and/or facilities and special landscaping or screening of facilities within the City, particularly in historic areas.

**Seized and Forfeited Assets** accounts for property seized during narcotics investigation activities which is pending disposition or has been forfeited to the City by the courts.

**Stormwater Utility** accounts for the maintenance of storm water management, sediment control, flood control, and facilities. Funding for the Stormwater Utility fund is derived from user fees, which are based on equivalent residential units of \$4.00.

**Streetscape** accounts for the funding sources and related costs of the rehabilitation of various streetscapes.

**Tax Increment Financing** accounts for the Tax Increment Financing proceeds and debt service payments.

**Other Special Revenue Funds** accounts for various grants or other restricted revenues, and related expenditures not included under the above funds.



**CITY OF CHARLESTON, SOUTH CAROLINA**  
**NONMAJOR GOVERNMENTAL FUNDS – CAPITAL PROJECTS FUNDS**  
**YEAR ENDED DECEMBER 31, 2002**

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Capital projects funds are used to account for financial resources for the acquisition and/or construction of major capital facilities and equipment (other than those financed by the proprietary fund). The primary sources of monies in these funds are proceeds of general obligation bonds and certificates of participation, grants, contributions, property taxes, and settlements from private sources. The City has the following capital projects funds:

**Certificates of Participation (COP)** accounts for the funding sources and construction costs of the following projects:

**Alexander Auditorium Garage** – A five level, 560 space parking facility to serve the Gaillard Municipal Auditorium, Charleston County School District Office, the new Charleston County library, and the SC Marine Science Museum.

**Joseph P. Riley, Jr. Baseball Park** – A 6,000 seat (expandable to 10,000 seats) Class "A" baseball facility.

**Fire Stations** – Construction and upfitting of new fire stations.

**Lockwood Municipal Complex** – Renovating the Lockwood Drive Police, Traffic and Transportation, and Department of Motor Vehicles complex and construction of a 36,368 square foot addition to the facility.

**Market Head Hall** – accounts for the funding sources and renovation costs of the Market Head Hall.

**Parks Department Headquarters** – Renovation of former Coke Building at 823 Meeting Street for use as Parks Department main offices.

**Parks** – Development of a tennis center at Ft. Johnson Road Park, improvement of Honey Hill Park and expansion of ballfield facilities at James Island Recreation Center and continued development of a Johns Island park.

**Riviera Theater** – Acquisition and renovation of the art deco Riviera Theater for use as a retail space and conference rooms to be used by the Charleston Place.

**Administrative Costs** – including bond principal and interest payments, issuance costs, and related professional and bank handling fees.

**Calhoun/Concord Street Park** – accounts for the construction of a passive park adjacent to the S.C. Aquarium and Fort Sumter Tour Boat facility to include a raised lawn, gracious promenade, small gardens and extensive tree plantings.

**Drainage Fund** – accounts for storm water management and other drainage infrastructure. Funding sources are primarily from tax revenues received from the 2 mills assessed on real and personal property and certain business licenses.

**Governor's Park** – accounts for the construction of a tennis facility on Daniel Island for the annual Family Circle Cup Tournament.

**King Street Gateway TIF** – accounts for the funding sources and construction cost of the following:

**Ansonborough Multi-Purpose Fields** – the construction of two large athletic/recreation fields for public use near the Charleston Maritime Center.

**Calhoun/Concord Streetscape** – the construction of streetscape improvements in the Calhoun/Concord corridor. The improvement will include sidewalks, new curbing, trees, lighting, trash receptacles, and benches.

**King Street Streetscape** – the reconstruction of sidewalks to include handicap ramps, granite curbs, street trees, signage, burial of overhead wires, and paving.

**Marion Square Renovation** – improve drainage, install new walkways, benches, and landscaping to significantly upgrade the existing park.

**Spring/Cannon Streetscape** – the construction of streetscape improvements in the Spring/Cannon Street right-of-ways from King to President Streets.

**Other Projects** – Marsh Field Improvements, Camden Cultural Tower Center and Charleston Museum Repairs.

**Administrative** – includes bond issuance cost, principal and interest payments, and related professional and bank fees.

**Marine Science Museum** – accounts for the debt service of an aquarium consisting of a state of the art marine science museum and educational facility, which features permanent exhibits, rotating exhibitions and educational accommodations.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2002**

	Special Revenue					
	Accommo- dations Tax	Housing & Urban Development	Cultural Festivals and Events	Francis Marion Hotel	Hospitality Fee	Justice Department Grants
<b>Assets</b>						
Cash and cash equivalents	\$ 310,354	\$ 3,126	\$ 68,678	\$ 1,265,749	\$ 520,868	\$ 744,916
Investments	-	-	-	-	-	-
Receivables, net of allowances:						
Taxes	-	-	-	-	-	-
Accounts	-	-	-	-	426,330	-
Federal government	-	882,109	-	-	-	94,368
State and local governments	512,342	-	-	-	-	-
Mortgages and other notes	-	-	-	-	-	-
Interest	-	-	-	-	-	-
Other	-	52,884	38,878	-	-	5,287
Property held for sale	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from component unit	-	-	-	-	-	-
Inventories, at cost	-	-	-	-	-	-
Prepaid items	-	1,550	9,000	-	-	-
Restricted:						
Cash and cash equivalents	-	-	-	-	-	-
Investments	-	-	-	-	-	-
<b>Total assets</b>	<u>\$ 822,696</u>	<u>\$ 939,669</u>	<u>\$ 116,556</u>	<u>\$ 1,265,749</u>	<u>\$ 947,198</u>	<u>\$ 844,571</u>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 158,553	\$ 241,125	\$ 89,544	\$ -	\$ -	\$ 90,389
Accrued salaries, wages and benefits	-	-	1,626	-	-	-
Compensated absences payable	-	-	-	-	-	-
Other accrued liabilities	-	117,455	-	-	-	-
Deposits	-	-	-	-	-	-
Due to federal government	-	-	-	1,460,000	-	-
Due to state and local governments	-	-	-	-	-	-
Due to other funds	-	575,693	63,963	-	-	303,551
Deferred revenues	-	-	4,860	-	-	435,290
<b>Total liabilities</b>	<u>158,553</u>	<u>934,273</u>	<u>159,993</u>	<u>1,460,000</u>	<u>-</u>	<u>829,230</u>
<b>Fund balances (deficits)</b>						
Reserved for:						
Prepays and inventories	-	1,550	9,000	-	-	-
Debt service	-	-	-	-	-	-
Non-current receivables	-	-	-	-	-	-
Other	-	-	-	-	-	-
Unreserved						
Designated for subsequent years' operations	8,000	-	-	-	-	-
Unreserved and undesignated	656,143	3,846	(52,437)	(194,251)	947,198	15,341
<b>Total fund balances (deficits)</b>	<u>664,143</u>	<u>5,396</u>	<u>(43,437)</u>	<u>(194,251)</u>	<u>947,198</u>	<u>15,341</u>
<b>Total liabilities and fund balances (deficits)</b>	<u>\$ 822,696</u>	<u>\$ 939,669</u>	<u>\$ 116,556</u>	<u>\$ 1,265,749</u>	<u>\$ 947,198</u>	<u>\$ 844,571</u>

Land Sales	Municipal Accommodations Fee	Resystem-ization	SCE&G Environmental	SCE&G Non-Standard Service	Seized & Forfeited Assets	Storm-water Utility	Street-scape	Tax Increment Financing	Other
\$ 4,695,921	\$ 995,276	\$ 990,965	\$ 181,371	\$ 1,018,631	\$ 414,333	\$ 200	\$ -	\$ 833,918	\$ 2,847,838
-	-	-	-	-	-	-	-	-	299,405
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	1,472	401,884	-	-	40,664
-	-	-	-	-	-	-	-	-	487,348
-	365,981	-	-	-	-	-	-	-	169,495
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	3,132
-	-	-	-	-	-	-	-	-	34,381
-	-	-	-	-	-	-	-	-	918,223
-	-	-	-	-	22,693	59,976	-	-	652,920
-	-	-	-	-	-	317,508	-	-	-
-	-	-	-	-	-	-	-	-	6,960
-	-	-	-	-	-	-	-	-	250
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	1,000,000
<u>\$ 4,695,921</u>	<u>\$ 1,361,257</u>	<u>\$ 990,965</u>	<u>\$ 181,371</u>	<u>\$ 1,018,631</u>	<u>\$ 438,498</u>	<u>\$ 779,568</u>	<u>\$ -</u>	<u>\$ 833,918</u>	<u>\$ 6,460,616</u>
\$ -	\$ -	\$ 274,055	\$ -	\$ -	\$ 1,916	\$ 142,189	\$ -	\$ -	\$ 156,961
-	-	1,164	-	-	-	14,395	-	-	3,545
-	-	-	-	-	-	1,968	-	-	137
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	336,708	-	-	-	17,260
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	3,159	-	-	-	-
-	-	-	-	-	-	621,016	-	-	752,074
-	-	-	-	-	54,697	-	-	-	23,696
-	-	275,219	-	-	396,480	779,568	-	-	953,673
-	-	-	-	-	-	-	-	-	7,210
-	-	-	-	-	-	-	-	833,918	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	108,113
-	701,409	-	-	-	-	-	-	-	-
4,695,921	659,848	715,746	181,371	1,018,631	42,018	-	-	-	5,391,620
<u>4,695,921</u>	<u>1,361,257</u>	<u>715,746</u>	<u>181,371</u>	<u>1,018,631</u>	<u>42,018</u>	<u>-</u>	<u>-</u>	<u>833,918</u>	<u>5,506,943</u>
<u>\$ 4,695,921</u>	<u>\$ 1,361,257</u>	<u>\$ 990,965</u>	<u>\$ 181,371</u>	<u>\$ 1,018,631</u>	<u>\$ 438,498</u>	<u>\$ 779,568</u>	<u>\$ -</u>	<u>\$ 833,918</u>	<u>\$ 6,460,616</u>

(continued)

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**DECEMBER 31, 2002**

**Capital Projects**

	<b>Certificates of Participation</b>	<b>Calhoun/ Concord Street Park</b>	<b>Drainage</b>	<b>Governor's Park</b>	<b>King Street Gateway TIF</b>	<b>Marine Science Museum</b>
<b>Assets</b>						
Cash and cash equivalents	\$ 216,091	\$ 172,104	\$ 5,419,223	\$ 95,714	\$ 2,483,689	\$ 3,537
Investments	2,680,808	-	-	-	4,505,918	-
Receivables, net of allowances:						
Taxes	-	-	872,914	-	-	-
Accounts	-	-	-	-	-	-
Federal government	-	-	-	-	-	-
State and local governments	-	-	-	-	43,369	-
Mortgages and other notes	3,452,952	-	-	-	-	-
Interest	62,139	-	-	-	-	-
Other	-	-	-	-	256,726	-
Property held for sale	-	-	-	-	-	-
Due from other funds	-	-	-	-	-	-
Due from component unit	-	-	-	-	-	-
Inventories, at cost	-	-	-	-	-	-
Prepaid items	-	-	-	-	-	-
Restricted:						
Cash and cash equivalents	-	-	-	-	2,468,379	-
Investments	-	-	-	-	-	-
<b>Total assets</b>	<b>\$ 6,411,990</b>	<b>\$ 172,104</b>	<b>\$ 6,292,137</b>	<b>\$ 95,714</b>	<b>\$ 9,758,081</b>	<b>\$ 3,537</b>
<b>Liabilities and Fund Balances</b>						
<b>Liabilities</b>						
Accounts payable	\$ 100,893	\$ -	\$ 205,530	\$ -	\$ 78,567	\$ -
Accrued salaries, wages and benefits	-	-	-	-	-	-
Compensated absences payable	-	-	-	-	-	-
Other accrued liabilities	-	-	-	-	-	-
Deposits	-	-	-	-	-	-
Due to federal government	-	-	-	-	-	-
Due to state and local governments	-	-	-	-	-	-
Due to other funds	11,343	172,020	-	-	-	-
Deferred revenues	-	-	46,664	-	68,626	-
<b>Total liabilities</b>	<b>112,236.00</b>	<b>172,020</b>	<b>252,194.00</b>	<b>-</b>	<b>147,193.00</b>	<b>-</b>
<b>Fund balances (deficits)</b>						
Reserved for:						
Prepays and inventories	-	-	-	-	-	-
Debt service	-	-	-	-	2,468,379	-
Non-current receivables	3,452,952	-	-	-	-	-
Other	-	-	-	-	-	-
Unreserved						
Designated for subsequent years' operations	-	-	-	-	-	-
Unreserved and undesignated	2,846,802	84	6,039,943	95,714	7,142,509	3,537
<b>Total fund balances (deficits)</b>	<b>6,299,754</b>	<b>84</b>	<b>6,039,943</b>	<b>95,714</b>	<b>9,610,888</b>	<b>3,537</b>
<b>Total liabilities and fund balances (deficits)</b>	<b>\$ 6,411,990</b>	<b>\$ 172,104</b>	<b>\$ 6,292,137</b>	<b>\$ 95,714</b>	<b>\$ 9,758,081</b>	<b>\$ 3,537</b>

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**Total  
Nonmajor  
Governmental  
Funds**

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\$ 23,282,502  
7,486,131

872,914  
870,350  
1,463,825  
1,091,187  
3,452,952  
65,271  
388,156  
918,223  
735,589  
317,508  
6,960  
10,800

2,468,379  
1,000,000

\$ 44,430,747

\$ 1,539,722  
20,730  
2,105  
117,455  
353,968  
1,460,000  
3,159  
2,499,660  
633,833  
6,630,632

17,760  
3,302,297  
3,452,952  
108,113

709,409  
30,209,584  
37,800,115

\$ 44,430,747

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2002**

	Special Revenue					
	Accommo- dations Tax	Housing & Urban Development	Cultural Festivals and Events	Francis Marion Hotel	Hospitality Fee	Justice Department Grants
<b>Revenues</b>						
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-	5,654,260	-
Licenses, fees and permits	-	-	-	-	-	-
Fines and forfeitures	-	-	-	-	-	-
Intergovernmental - federal	-	2,395,960	50,000	-	-	552,204
Intergovernmental - state and local	2,420,307	-	43,942	-	-	-
Revenues from use or disposition of monies and property	5,341	465,071	3,693	24,953	14,539	2,061
Donations and settlements	-	-	395,432	-	-	-
Other	-	3,148	805,970	-	-	30,000
<b>Total revenues</b>	<b>2,425,648</b>	<b>2,864,179</b>	<b>1,299,037</b>	<b>24,953</b>	<b>5,668,799</b>	<b>584,265</b>
<b>Expenditures</b>						
Current						
General government	-	-	-	-	-	-
Public safety	-	-	-	-	-	704,484
Public service	-	-	-	-	-	-
Urban and community development	-	2,490,812	-	-	-	-
Culture and recreation	580,450	-	1,674,412	-	179,223	-
Community promotion	847,110	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt service						
Principal retirement	297,010	-	-	-	-	-
Interest and fiscal charges	113,765	-	-	160,351	-	-
Bond issue costs	-	-	-	-	-	-
<b>Total expenditures</b>	<b>1,838,335</b>	<b>2,490,812</b>	<b>1,674,412</b>	<b>160,351</b>	<b>179,223</b>	<b>704,484</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>587,313</b>	<b>373,367</b>	<b>(375,375)</b>	<b>(135,398)</b>	<b>5,489,576</b>	<b>(120,219)</b>
<b>Other financing sources (uses)</b>						
Transfers in	-	-	671,496	116,000	-	129,359
Transfers out	(528,322)	(373,218)	-	-	(4,613,102)	(8,403)
Note proceeds	-	-	-	-	-	-
Proceeds from refunding bond	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
<b>Total other financing sources (uses)</b>	<b>(528,322)</b>	<b>(373,218)</b>	<b>671,496</b>	<b>116,000</b>	<b>(4,613,102)</b>	<b>120,956</b>
<b>Net changes in fund balances</b>	<b>58,991</b>	<b>149</b>	<b>296,121</b>	<b>(19,398)</b>	<b>876,474</b>	<b>737</b>
<b>Fund balances (deficit) at beginning of year</b>	<b>605,152</b>	<b>5,247</b>	<b>(339,558)</b>	<b>(174,853)</b>	<b>70,724</b>	<b>14,604</b>
<b>Fund balances (deficit) at year end</b>	<b>\$ 664,143</b>	<b>\$ 5,396</b>	<b>\$ (43,437)</b>	<b>\$ (194,251)</b>	<b>\$ 947,198</b>	<b>\$ 15,341</b>

Land Sales	Municipal Accommodations Fee	Resystem-ization	SCE&G Environmental	SCE&G Non-Standard Service	Seized & Forfeited Assets	Storm-water Utility	Street-scape	Tax Increment Financing	Other
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	2,867,769	-	-	-	-	-	-	207,955	-
-	-	-	-	386,279	-	1,622,466	-	-	984,175
-	-	-	-	-	164,509	-	-	-	-
-	-	-	-	-	-	-	-	-	1,144,559
-	-	-	-	-	-	-	-	-	185,267
1,083,624	16,831	7,498	7,766	2,392	289	25,336	2,525	9,726	204,848
-	-	-	-	-	-	-	-	-	3,475
-	-	-	-	-	-	-	-	-	271,070
1,083,624	2,884,600	7,498	7,766	388,671	164,798	1,647,802	2,525	217,681	2,793,394
-	-	1,283,905	-	-	-	2,122,673	-	-	7,490
-	-	-	-	-	144,181	-	-	-	169,850
-	-	-	-	250,000	-	-	-	-	107,721
-	-	-	-	235	-	-	-	-	571,691
-	-	-	-	-	-	-	-	-	950,559
-	-	-	-	-	-	-	-	-	32
-	-	-	-	-	-	-	-	-	214,940
-	-	33,848	-	-	28,099	79,125	-	-	-
-	-	-	-	-	-	224,654	-	300,000	114,496
-	-	-	-	-	-	20,682	-	324,287	252,316
-	-	-	-	-	-	-	-	14,818	-
-	-	1,317,753	-	250,235	172,280	2,447,134	-	639,105	2,389,095
1,083,624	2,884,600	(1,310,255)	7,766	138,436	(7,482)	(799,332)	2,525	(421,424)	404,299
-	-	750,000	-	-	3,000	59,976	-	-	760,301
(1,410,000)	(2,076,099)	(38,870)	(627,661)	-	-	(1,546,226)	(271,785)	-	(865,977)
-	-	-	-	-	-	-	-	-	1,000,000
-	-	-	-	-	-	-	-	4,400,000	-
-	-	-	-	-	-	-	-	(4,400,000)	-
(1,410,000)	(2,076,099)	711,130	(627,661)	-	3,000	(1,486,250)	(271,785)	-	894,324
(326,376)	808,501	(599,125)	(619,895)	138,436	(4,482)	(2,285,582)	(269,260)	(421,424)	1,298,623
5,022,297	552,756	1,314,871	801,266	880,195	46,500	2,285,582	269,260	1,255,342	4,208,320
\$ 4,695,921	\$ 1,361,257	\$ 715,746	\$ 181,371	\$ 1,018,631	\$ 42,018	\$ -	\$ -	\$ 833,918	\$ 5,506,943

(continued)

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS**  
**YEAR ENDED DECEMBER 31, 2002**

	Capital Projects					
	Certificates of Participation	Calhoun/ Concord Street Park	Drainage	Governor's Park	King Street Gateway TIF	Marine Science Museum
<b>Revenues</b>						
Property taxes	\$ -	\$ -	\$ 957,090	\$ -	\$ -	\$ -
Taxes - other	-	-	-	-	2,398,315	-
Licenses, fees and permits	-	-	309,428	-	387,174	-
Fines and forfeitures	-	-	2,913	-	-	-
Intergovernmental - federal	-	-	-	-	-	-
Intergovernmental - state and local	-	-	-	850,000	-	-
Revenues from use or disposition of monies and property	213,632	2	46,835	1,451	138,388	1,428
Donations and settlements	-	-	-	-	25,000	-
Other	-	-	2,600	249,064	-	-
<b>Total revenues</b>	<b>213,632</b>	<b>2</b>	<b>1,318,866</b>	<b>1,100,515</b>	<b>2,948,877</b>	<b>1,428</b>
<b>Expenditures</b>						
Current						
General government	21,102	-	1,208	-	-	715
Public safety	-	-	-	-	-	-
Public service	-	-	-	-	-	-
Urban and community development	-	-	-	-	-	-
Culture and recreation	-	-	-	-	-	-
Community promotion	-	-	-	-	-	-
Health and welfare	-	-	-	-	-	-
Capital outlay	250,985	160,739	1,402,342	-	472,467	-
Debt service						
Principal retirement	856,755	-	545,968	1,000,000	966,667	620,789
Interest and fiscal charges	817,408	-	368,884	624,780	767,915	326,848
Bond issue costs	10,122	-	-	-	15,248	-
<b>Total expenditures</b>	<b>1,956,372</b>	<b>160,739</b>	<b>2,318,402</b>	<b>1,624,780</b>	<b>2,222,297</b>	<b>948,352</b>
<b>Excess (deficiency) of revenues over expenditures</b>	<b>(1,742,740)</b>	<b>(160,737)</b>	<b>(999,536)</b>	<b>(524,265)</b>	<b>726,580</b>	<b>(946,924)</b>
<b>Other financing sources (uses)</b>						
Transfers in	1,871,400	160,500	1,546,226	617,000	1,227,785	958,000
Transfers out	(172,433)	-	-	-	-	(10,000)
Note proceeds	-	-	-	-	-	-
Proceeds from refunding bond	-	-	-	-	12,566,667	-
Payment to refunded bond escrow agent	-	-	-	-	(12,566,667)	-
<b>Total other financing sources (uses)</b>	<b>1,698,967</b>	<b>160,500</b>	<b>1,546,226</b>	<b>617,000</b>	<b>1,227,785</b>	<b>948,000</b>
<b>Net changes in fund balances</b>	<b>(43,773)</b>	<b>(237)</b>	<b>546,690</b>	<b>92,735</b>	<b>1,954,365</b>	<b>1,076</b>
<b>Fund balances (deficit) at beginning of year</b>	<b>6,343,527</b>	<b>321</b>	<b>5,493,253</b>	<b>2,979</b>	<b>7,656,523</b>	<b>2,461</b>
<b>Fund balances (deficit) at year end</b>	<b>\$ 6,299,754</b>	<b>\$ 84</b>	<b>\$ 6,039,943</b>	<b>\$ 95,714</b>	<b>\$ 9,610,888</b>	<b>\$ 3,537</b>



<div> <div>Total</div> <div>Nonmajor</div> <div>Governmental</div> <div>Funds</div> </div>	
\$	957,090
	11,128,299
	3,689,522
	167,422
	4,142,723
	3,499,516
	2,278,229
	423,907
	1,361,852
	<u>27,648,560</u>
	3,437,093
	1,018,515
	357,721
	3,062,738
	3,384,644
	847,142
	214,940
	2,427,605
	4,926,339
	3,777,236
	40,188
	<u>23,494,161</u>
	<u>4,154,399</u>
	8,871,043
	(12,542,096)
	1,000,000
	16,966,667
	<u>(16,966,667)</u>
	<u>(2,671,053)</u>
	1,483,346
	<u>36,316,769</u>
\$	<u><u>37,800,115</u></u>

**CITY OF CHARLESTON, SOUTH CAROLINA  
NONMAJOR ENTERPRISE FUNDS  
YEAR ENDED DECEMBER 31, 2002**

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The Enterprise Funds are used to account for operations that are financed and operated in a manner similar to private businesses, when the intent is for the cost of providing goods and services to be recovered, in whole or in part, through user charges; or where the City Council has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control accountability or other purposes. The City's Enterprise Funds are as follows:

**Angel Oak** accounts for the operation and maintenance of the City-owned park containing a gift shop and historic tree which is located on Johns Island.

**Charleston Visitors Center** accounts for the operation and maintenance of the City-owned and operated tourism information production "Charleston Adventure."

**City Market** accounts for the rental and maintenance of Market Street public market.

**Municipal Golf Course** accounts for the operation and maintenance of the Charleston Municipal Golf Course on James Island.

**Municipal Auditorium** accounts for the activities of the City's Gaillard Municipal Auditorium including income from rent of the facility and concessions.

**Slave Mart Museum** accounts for the operation and maintenance of a learning center, museum, and gift shop located on Chalmers Street.

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**DECEMBER 31, 2002**

Exhibit C

	Angel Oak	Charleston Visitors Center	City Market	Municipal Auditorium	Municipal Golf Course	Slave Mart Museum	Totals
<b>Assets</b>							
<b>Current assets</b>							
Cash and cash equivalents	\$ 1,552	\$ 2,498	\$ -	\$ 398,723	\$ 114,576	\$ -	\$ 517,349
Accounts receivable, net	-	655	8,014	13,857	-	-	22,526
Inventories, at cost	50,027	18,661	-	-	33,816	-	102,504
Prepaid expenses and deposits	-	-	-	5,000	6,500	-	11,500
Total current assets	51,579	21,814	8,014	417,580	154,892	-	653,879
<b>Fixed assets</b>							
Land	127,900	-	-	-	620,599	65,156	813,655
Buildings	-	-	75,000	5,571,176	143,448	138,455	5,928,079
Machinery and equipment	-	197,871	-	46,256	357,011	-	601,138
Less accumulated depreciation	-	(34,209)	(17,687)	(1,186,929)	(619,720)	(19,383)	(1,877,928)
Net fixed assets	127,900	163,662	57,313	4,430,503	501,338	184,228	5,464,944
<b>Total assets</b>	179,479	185,476	65,327	4,848,083	656,230	184,228	6,118,823
<b>Liabilities and Equity</b>							
<b>Current liabilities</b>							
Accounts payable	17,557	29,112	2,761	51,226	35,756	1,136	137,548
Accrued salaries and related benefits	992	3,122	1,199	9,666	7,656	1,560	24,195
Compensated absences payable	68	470	140	1,103	837	122	2,740
Deposits	-	2,275	-	268,971	-	-	271,246
Due to other funds	-	-	-	120,146	-	-	120,146
Total current liabilities	18,617	34,979	4,100	451,112	44,249	2,818	555,875
<b>Long-term liabilities</b>							
Compensated absences payable	2,540	17,481	5,208	40,985	31,109	4,516	101,839
Total liabilities	21,157	52,460	9,308	492,097	75,358	7,334	657,714
<b>Net assets</b>							
Invested in capital assets, net of related debt	127,900	163,662	57,313	4,430,503	501,338	184,228	5,464,944
Unrestricted	30,422	(30,646)	(1,294)	(74,517)	79,534	(7,334)	(3,835)
Total net assets	\$ 158,322	\$ 133,016	\$ 56,019	\$ 4,355,986	\$ 580,872	\$ 176,894	\$ 5,461,109

Exhibit D

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS**  
**NONMAJOR ENTERPRISE FUNDS**  
**YEAR ENDED DECEMBER 31, 2002**

	Angel Oak	Charleston Visitors Center	City Market	Municipal Auditorium	Municipal Golf Course	Slave Mart Museum	Totals
<b>Operating revenues</b>							
Sales and services	\$ 137,723	\$ 507,115	\$ 365,868	\$ 216,849	\$ 1,028,344	\$ -	\$ 2,255,899
Revenues from use of monies and property	-	29,862	98,444	124,122	275,465	-	527,893
Donations	2,115	-	-	5,000	-	-	7,115
Total operating revenues	139,838	536,977	464,312	345,971	1,303,809	-	2,790,907
<b>Operating expenses</b>							
Cost of sales	67,088	193,163	-	48,250	222,061	-	530,562
Personal services	41,538	307,152	56,564	605,935	600,852	68,838	1,680,879
Utilities	2,109	54,859	8,394	230,448	39,976	1,307	337,093
Repairs and maintenance	-	39,167	500	75,800	78,998	-	194,465
Supplies	3,085	23,912	978	19,272	114,312	1,711	163,270
Other operating expenses	12,727	65,367	6,033	113,486	163,202	5,473	366,288
Depreciation and amortization	-	17,473	1,169	88,453	63,278	2,769	173,142
Total operating expenses	126,547	701,093	73,638	1,181,644	1,282,679	80,098	3,445,699
<b>Operating income (loss)</b>	13,291	(164,116)	390,674	(835,673)	21,130	(80,098)	(654,792)
<b>Nonoperating revenues (expenses)</b>							
Investment income	-	-	-	841	4,216	-	5,057
Income (loss) before operating transfers	13,291	(164,116)	390,674	(834,832)	25,346	(80,098)	(649,735)
<b>Income before contributions and transfers</b>							
Operating transfers in	-	131,329	-	585,349	-	73,622	790,300
Operating transfers (out)	(7,914)	(3,140)	(386,178)	-	-	-	(397,232)
Total contributions and transfers	(7,914)	128,189	(386,178)	585,349	-	73,622	393,068
<b>Change in net assets</b>	5,377	(35,927)	4,496	(249,483)	25,346	(6,476)	(256,667)
<b>Total net assets</b>							
Beginning of year	152,945	168,943	51,523	4,605,469	555,526	183,370	5,717,776
End of year	\$ 158,322	\$ 133,016	\$ 56,019	\$ 4,355,986	\$ 580,872	\$ 176,894	\$ 5,461,109

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**COMBINING STATEMENT OF CASH FLOWS**  
**NONMAJOR ENTERPRISE FUNDS**  
**YEAR ENDED DECEMBER 31, 2002**

Exhibit E

	Angel Oak	Charleston Visitors Center	City Market	Municipal Auditorium	Municipal Golf Course	Slave Mart Museum	Totals
<b>Cash flows from operating activities</b>							
Cash received from customers and users	\$ 139,838	\$ 535,076	\$ 457,146	\$ 578,831	\$ 1,303,809	\$ -	\$ 3,014,700
Cash paid to suppliers	(90,844)	(356,960)	(15,364)	(486,827)	(624,897)	(7,356)	(1,582,248)
Cash paid to employees	(40,417)	(306,087)	(55,604)	(597,362)	(596,084)	(66,266)	(1,661,820)
<b>Net cash provided (used) by operating activities</b>	8,577	(127,971)	386,178	(505,358)	82,828	(73,622)	(229,368)
<b>Cash flows from (used by) noncapital financing activities</b>							
Transfers and advances between funds	(7,914)	128,189	(386,178)	705,495	-	73,622	513,214
<b>Cashflows from (used by) capital and related financing activities</b>							
Acquisition and construction of capital assets	-	-	-	(18,621)	(86,876)	-	(105,497)
<b>Cash flows from investing activities</b>							
Interest on investments	-	-	-	841	4,216	-	5,057
<b>Net increase (decrease) in cash and cash equivalents</b>	663	218	-	182,357	168	-	183,406
<b>Cash and cash eqivalents</b>							
Beginning of year	889	2,280	-	216,366	114,408	-	333,943
End of year	<u>\$ 1,552</u>	<u>\$ 2,498</u>	<u>\$ -</u>	<u>\$ 398,723</u>	<u>\$ 114,576</u>	<u>\$ -</u>	<u>\$ 517,349</u>
<b>Reconciliation of operating income to net cash provided (used) by operating activities</b>							
Operating income (loss)	<u>\$ 13,291</u>	<u>\$ (164,116)</u>	<u>\$ 390,674</u>	<u>\$ (835,673)</u>	<u>\$ 21,130</u>	<u>\$ (80,098)</u>	<u>\$ (654,792)</u>
Adjustments to reconcile operating income to net cash provided (used) by operating activities:							
Depreciation and amortization	-	17,473	1,169	88,453	63,278	2,769	173,142
(Increase) decrease in current assets:							
Accounts receivable	-	974	(7,166)	(4,591)	-	-	(10,783)
Inventories	(17,645)	3,048	-	-	(3,978)	-	(18,575)
Increase (decrease) in current liabilities:							
Accounts payable and accrued liabilities	12,185	14,179	674	91	(4,202)	1,794	24,721
Accrued compensated absences	746	3,346	827	8,911	6,600	1,913	22,343
Customer deposits	-	(2,875)	-	237,451	-	-	234,576
Total adjustments	(4,714)	36,145	(4,496)	330,315	61,698	6,476	425,424
<b>Net cash provided (used) by operating activities</b>	<u>\$ 8,577</u>	<u>\$ (127,971)</u>	<u>\$ 386,178</u>	<u>\$ (505,358)</u>	<u>\$ 82,828</u>	<u>\$ (73,622)</u>	<u>\$ (229,368)</u>

**CAPITAL ASSETS  
USED IN THE OPERATION  
OF GOVERNMENTAL FUNDS**



**CITY OF CHARLESTON, SOUTH CAROLINA**  
**CAPITAL ASSETS USED IN THE OPERATION OF**  
**GOVERNMENTAL FUNDS**  
**COMPARATIVE SCHEDULES BY SOURCE**  
**DECEMBER 31, 2002**  
**(With Comparative Totals at December 31, 2001)**

Exhibit F

	<u>2002</u>	<u>(As restated) 2001</u>
<b>Governmental fund capital assets</b>		
Land	\$ 45,731,480	\$ 45,805,642
Buildings and improvements	120,944,706	111,748,360
Machinery and equipment	32,891,384	29,277,921
Infrastructure	27,821,833	22,731,360
Construction in progress	14,565,147	19,898,497
<b>Total governmental fund capital assets</b>	<u>\$ 241,954,550</u>	<u>\$ 229,461,780</u>
 <b>Investment governmental funds capital assets by source:</b>		
General fund revenues	\$ 63,831,796	\$ 60,436,754
Special revenues fund revenues	51,575,589	51,254,213
Capital project fund revenues	121,711,625	117,770,813
Developer contributions	4,835,540	-
<b>Total governmental fund capital assets by source</b>	<u>\$ 241,954,550</u>	<u>\$ 229,461,780</u>

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**DECEMBER 31, 2002**

Exhibit G

Function and activity	Infrastructure	Land	Building and Improvements	Machinery and Equipment	Construction in Progress	Totals
General government						
Executive	\$ -	\$ -	\$ -	\$ 14,283	\$ -	\$ 14,283
Legislative	-	-	-	314,397	-	314,397
Judicial	-	-	-	118,665	-	118,665
Archives	-	-	-	26,822	-	26,822
Budget and finance	-	-	-	25,582	-	25,582
Information resources	-	-	-	2,411,422	-	2,411,422
Revenue collections	-	-	-	60,242	-	60,242
City Hall	-	-	-	35,375	-	35,375
Human resources	-	-	-	36,014	-	36,014
Procurement	-	-	-	23,498	-	23,498
Facilities maintenance	-	-	-	202,465	-	202,465
Communications and electrical	-	-	-	208,990	-	208,990
Stormwater utility	-	-	-	2,313,680	-	2,313,680
Drainage	21,223,003	-	-	-	-	21,223,003
Bridges and tunnels	1,055,361	-	-	-	-	1,055,361
Streets	4,358,952	-	-	-	-	4,358,952
Sidewalks	613,813	-	-	-	-	613,813
Land and buildings	-	14,268,319	105,903,081	-	-	120,171,400
<b>Total general government</b>	<b>27,251,129</b>	<b>14,268,319</b>	<b>105,903,081</b>	<b>5,791,435</b>	<b>-</b>	<b>153,213,964</b>
Public safety						
Police	-	-	-	10,974,902	-	10,974,902
Fire	-	-	-	4,802,747	-	4,802,747
Engineering	-	-	-	98,150	-	98,150
Inspection	-	-	-	246,375	-	246,375
Traffic and transportation	-	-	-	785,349	-	785,349
Parking meters	491,548	-	-	-	-	491,548
Signs	79,156	-	-	-	-	79,156
Land and buildings	-	744,790	4,159,775	-	-	4,904,565
<b>Total public safety</b>	<b>570,704</b>	<b>744,790</b>	<b>4,159,775</b>	<b>16,907,523</b>	<b>-</b>	<b>22,382,792</b>
Public service						
Public service administration	-	-	-	43,603	-	43,603
Sanitation	-	-	-	5,851,603	-	5,851,603
Street and sidewalks	-	-	-	1,379,853	-	1,379,853
Fleet management	-	-	-	219,865	-	219,865
Land and buildings	-	289,030	814,033	-	-	1,103,063
<b>Total public service</b>	<b>-</b>	<b>289,030</b>	<b>814,033</b>	<b>7,494,924</b>	<b>-</b>	<b>8,597,987</b>

(continued)



**CITY OF CHARLESTON, SOUTH CAROLINA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**DECEMBER 31, 2002**

Exhibit G

<b>Function and activity (continued)</b>	<b>Infrastructure</b>	<b>Land</b>	<b>Building and Improvements</b>	<b>Machinery and Equipment</b>	<b>Construction in Progress</b>	<b>Totals</b>
Urban and community development						
Housing	\$ -	\$ -	\$ 1,666,672	\$ 106,198	\$ -	\$ 1,772,870
Planning and urban development	-	-	-	73,904	-	73,904
<b>Total urban and community development</b>	-	-	1,666,672	180,102	-	1,846,774
Culture and recreation						
Garden Theater	-	-	-	16,588	-	16,588
Cultural affairs	-	-	-	34,526	-	34,526
Recreation	-	-	-	454,200	-	454,200
Parks	-	-	-	1,750,856	-	1,750,856
Construction	-	-	-	243,306	-	243,306
Land and buildings	-	30,243,033	8,326,145	-	-	38,569,178
<b>Total culture and recreation</b>	-	30,243,033	8,326,145	2,499,476	-	41,068,654
Community promotions						
Tourism	-	-	-	12,288	-	12,288
<b>Total community promotions</b>	-	-	-	12,288	-	12,288
Health and welfare						
Public information	-	-	-	5,636	-	5,636
Land and buildings	-	186,308	75,000	-	-	261,308
<b>Total health and welfare</b>	-	186,308	75,000	5,636	-	266,944
<b>Construction-in-progress</b>	-	-	-	-	14,565,147	14,565,147
<b>Total capital assets function and activity</b>	<u>\$ 27,821,833</u>	<u>\$ 45,731,480</u>	<u>\$ 120,944,706</u>	<u>\$ 32,891,384</u>	<u>\$ 14,565,147</u>	<u>\$ 241,954,550</u>

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**YEAR ENDED DECEMBER 31, 2002**

Exhibit H

Function and activity	December 31, 2001			Additions	Deletions	December 31, 2002
	As Originally Reported	Restate-ments	As Restated			
General government						
Executive	\$ 14,284	\$ -	\$ 14,284	\$ -	\$ -	\$ 14,284
Legislative	319,897	(5,500)	314,397	-	-	314,397
Judicial	99,585	(14,768)	84,817	33,848	-	118,665
Archives	33,922	(7,100)	26,822	-	-	26,822
Budget and finance	36,838	(11,256)	25,582	-	-	25,582
Information resources	2,258,924	(63,279)	2,195,645	215,777	-	2,411,422
Revenue collections	122,032	(81,380)	40,652	19,590	-	60,242
City Hall	35,375	-	35,375	-	-	35,375
Human resources	39,829	(3,815)	36,014	-	-	36,014
Procurement	27,102	(3,604)	23,498	-	-	23,498
Facilities maintenance	231,940	(18,480)	213,460	-	(10,995)	202,465
Communications and electrical	193,462	(3,749)	189,713	19,277	-	208,990
Stormwater utility	2,234,314	(19,035)	2,215,279	98,401	-	2,313,680
Drainage	-	21,223,002	21,223,002	-	-	21,223,002
Bridges and tunnels	-	1,055,361	1,055,361	-	-	1,055,361
Streets	-	-	-	4,358,952	-	4,358,952
Sidewalks	-	-	-	613,814	-	613,814
Land and buildings	112,434,761	2,775,111	115,209,872	5,035,690	(107,571)	120,137,991
Easement purchase	-	-	-	33,408	-	33,408
<b>Total general government</b>	<b>118,082,265</b>	<b>24,821,508</b>	<b>142,903,773</b>	<b>10,428,757</b>	<b>(118,566)</b>	<b>153,213,964</b>
Public safety						
Police	9,918,053	(425,853)	9,492,200	1,548,689	(65,988)	10,974,901
Fire	4,807,881	(54,089)	4,753,792	48,955	-	4,802,747
Engineering	100,917	(2,767)	98,150	-	-	98,150
Inspection	193,286	-	193,286	53,089	-	246,375
Traffic and transportation	721,442	(67,298)	654,144	131,205	-	785,349
Parking meters	-	452,997	452,997	38,552	-	491,549
Signs	-	-	-	79,156	-	79,156
Land and buildings	3,138,303	1,766,262	4,904,565	-	-	4,904,565
<b>Total public safety</b>	<b>18,879,882</b>	<b>1,669,252</b>	<b>20,549,134</b>	<b>1,899,646</b>	<b>(65,988)</b>	<b>22,382,792</b>
Public service						
Public service administration	25,043	(2,840)	22,203	21,400	-	43,603
Sanitation	4,622,995	(2,850)	4,620,145	1,231,458	-	5,851,603
Street and sidewalks	1,343,307	(5,512)	1,337,795	42,058	-	1,379,853
Fleet management	158,763	-	158,763	61,102	-	219,865
Land and buildings	2,480,759	(1,377,696)	1,103,063	-	-	1,103,063
<b>Total public service</b>	<b>8,630,867</b>	<b>(1,388,898)</b>	<b>7,241,969</b>	<b>1,356,018</b>	<b>-</b>	<b>8,597,987</b>

(continued)

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL FUNDS**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**YEAR ENDED DECEMBER 31, 2002**

Exhibit H

Function and activity (continued)	December 31, 2001			Additions	Deletions	December 31, 2002
	As Originally Reported	Restate- ments	As Restated			
Urban and community development						
Housing	\$ 118,869	\$ 1,561,185	\$ 1,680,054	\$ 189,475	\$ (96,659)	\$ 1,772,870
Planning and urban development	77,794	(3,890)	73,904	-	-	73,904
<b>Total urban and         community development</b>	<u>196,663</u>	<u>1,557,295</u>	<u>1,753,958</u>	<u>189,475</u>	<u>(96,659)</u>	<u>1,846,774</u>
Culture and recreation						
Garden Theater	16,588	-	16,588	-	-	16,588
Cultural affairs	14,175	-	14,175	20,351	-	34,526
Dock Street Theatre	3,112	(3,112)	-	-	-	-
Recreation	431,312	(17,814)	413,498	40,702	-	454,200
Parks	1,760,643	(92,451)	1,668,192	82,664	-	1,750,856
Construction	224,754	(3,328)	221,426	21,880	-	243,306
Parks - land and buildings	37,370,704	(2,869,365)	34,501,339	4,067,839	-	38,569,178
<b>Total culture and recreation</b>	<u>39,821,288</u>	<u>(2,986,070)</u>	<u>36,835,218</u>	<u>4,233,436</u>	<u>-</u>	<u>41,068,654</u>
Community promotions						
Tourism	12,288	-	12,288	-	-	12,288
<b>Total community promotions</b>	<u>12,288</u>	<u>-</u>	<u>12,288</u>	<u>-</u>	<u>-</u>	<u>12,288</u>
Health and welfare						
Public information	8,245	(2,609)	5,636	-	-	5,636
Land and buildings	261,308	-	261,308	-	-	261,308
<b>Total health and welfare</b>	<u>269,553</u>	<u>(2,609)</u>	<u>266,944</u>	<u>-</u>	<u>-</u>	<u>266,944</u>
<b>Construction in progress</b>	<u>19,898,497</u>	<u>-</u>	<u>19,898,497</u>	<u>3,907,406</u>	<u>(9,240,756)</u>	<u>14,565,147</u>
<b>Total capital assets function and activity</b>	<u>\$205,791,303</u>	<u>\$ 23,670,478</u>	<u>\$229,461,781</u>	<u>\$ 22,014,738</u>	<u>\$ (9,521,969)</u>	<u>\$ 241,954,550</u>

# Other Financial Information



**CITY OF CHARLESTON, SOUTH CAROLINA**  
**SCHEDULE OF COURT ASSESSMENTS AND SURCHARGES**  
**YEAR ENDED DECEMBER 31, 2002**

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Exhibit I

**Revenues**

**Collections**

Assessments	\$ 624,109
Surcharges	<u>21,539</u>

Total collections	645,648
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**Remitted to State Treasurer**

Assessments	<u>(549,583)</u>
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Revenues retained by the City	96,065
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**Expenditures**

Salaries and fringe benefits

Supervisor	\$ 41,813
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Investigators	93,507
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Domestic violence coordinator	35,892
-------------------------------	--------

Elder support coordinator	32,801
---------------------------	--------

Secretary	<u>28,309</u>
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Total program expenses	<u>232,322</u>
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Excess (deficiency) of revenues over expenditures	<u>\$ (136,257)</u>
---	---------------------

# Statistical Section Unaudited

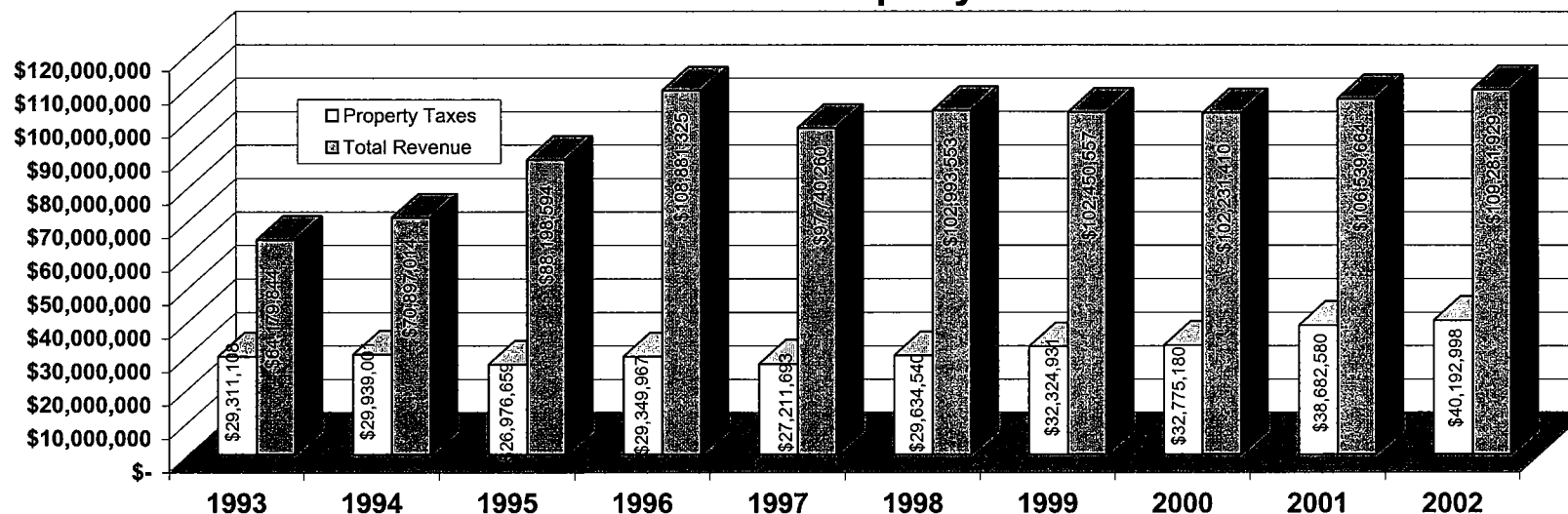


Table 1

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**ALL GOVERNMENTAL FUNDS**  
**REVENUES BY SOURCE**  
**TEN YEAR HISTORY**

Year	Property Taxes	Tax Increment Financing Districts [a]	Licenses, Fees, Permits and Other Taxes [a]	Intergovernmental	Charges For Services, and Revenues From Properties Use	Fines and Forfeitures	Other	Totals	% Change In Total
2002	\$ 40,192,998	\$ 2,606,269	\$ 37,455,924	\$ 20,676,819	\$ 3,861,460	\$ 2,264,904	\$ 2,223,555	\$ 109,281,929	2.6%
2001	38,682,580	650,180	37,120,656	19,289,788	4,998,821	2,299,036	3,498,603	106,539,664	4.2%
2000	32,775,180	609,958	33,617,649	21,395,235	7,874,108	2,165,744	3,793,536	102,231,410	-0.2%
1999	32,324,931	561,455	31,827,570	21,355,050	3,621,313	2,001,866	10,758,372	102,450,557	-0.5%
1998	29,634,540	-	28,910,339	26,338,554	3,364,345	2,139,976	12,605,799	102,993,553	5.4%
1997	27,211,693	-	26,231,415	26,752,141	3,632,177	1,676,215	12,236,619	97,740,260	-10.2%
1996	29,349,967	-	23,520,372	32,077,906	3,925,037	1,611,465	18,396,578	108,881,325	23.5%
1995	26,976,659	-	18,945,537	31,060,284	4,646,699	1,933,748	4,635,667	88,198,594	24.4%
1994	29,939,001	-	17,027,701	15,525,673	3,602,124	1,704,463	3,098,052	70,897,014	10.5%
1993	29,311,108	-	12,737,015	15,700,084	2,581,949	1,706,610	2,143,078	64,179,844	7.1%

**All Governmental Funds Property Taxes and Total Revenues**



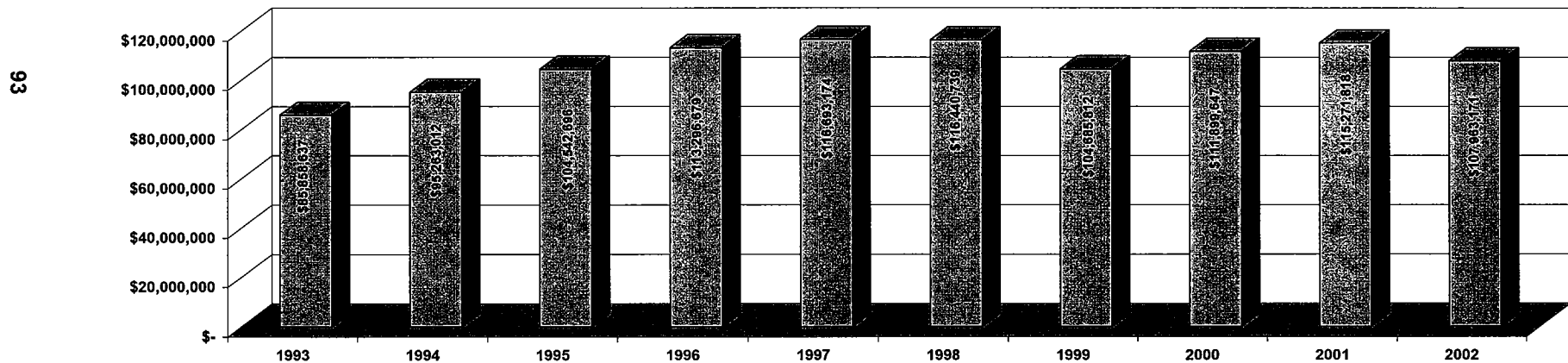
[a] For 2002, \$5,654,260 of Hospitality Tax and \$2,867,770 of Municipal Accommodations Fees included in "Licenses, Fees, Permits and Other Taxes" above, along with the \$2,606,269 of "Tax Increment Financing Districts," make up the "Property Taxes - Other" classification totaling \$11,128,299 on the Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds (Exhibit 5) for the year ended December 31, 2002.

(Unaudited)

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**ALL GOVERNMENTAL FUNDS**  
**EXPENDITURES BY FUNCTION**  
**TEN YEAR HISTORY**

Fiscal Year	General Government	Public Safety	Public Service	Urban and Community Development	Culture and Recreation	Community Promotion	Health and Welfare	Economic Development & Assist.	Non-Departmental	Capital Outlay	Debt Service	Totals	% Change
2002	\$ 19,392,764	\$ 40,171,287	\$ 8,021,148	\$ 5,476,073	\$ 11,370,913	\$ 1,329,156	\$ 740,817	\$ 77,117	\$ -	\$ 7,053,046	\$ 14,330,850	\$ 107,963,171	-6.3%
2001	17,352,804	38,010,073	7,123,635	4,965,647	9,994,754	1,231,370	710,570	54,948	4,850,703	19,747,542	11,229,772	115,271,818	3.0%
2000	15,672,551	36,138,148	7,130,061	4,809,999	9,234,367	1,232,532	743,437	384,843	4,790,852	23,751,052	8,011,805	111,899,647	6.9%
1999	16,050,968	33,740,568	7,316,313	5,347,511	8,370,200	1,265,073	705,227	563,267	4,806,763	18,910,092	7,609,830	104,685,812	-10.1%
1998	20,554,841	28,730,710	12,116,388	4,933,547	7,804,809	1,126,137	704,307	600,041	3,979,964	28,738,153	7,151,842	116,440,739	-0.2%
1997	17,640,732	25,997,991	11,369,735	5,180,167	10,440,005	1,273,900	839,157	833,607	3,442,428	33,367,248	6,308,204	116,693,174	3.0%
1996	18,798,404	25,212,934	8,543,004	4,921,363	7,311,892	959,439	843,608	2,024,259	3,439,078	34,848,140	6,394,558	113,296,679	8.4%
1995	17,458,264	25,412,032	4,822,869	4,377,855	7,584,139	717,444	695,851	3,334,988	3,350,317	19,577,668	17,211,269	104,542,696	9.7%
1994	16,188,310	23,522,083	4,265,028	3,201,534	7,269,941	740,042	540,474	705,637	4,869,623	26,815,987	7,144,353	95,263,012	11.0%
1993	16,110,574	23,512,751	5,421,790	4,299,801	6,659,166	732,108	480,031	626,277	2,811,815	18,567,844	6,636,480	85,858,637	6.7%

All Governmental Funds Expenditures



(Unaudited)



Table 3

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**ALL GOVERNMENTAL FUNDS**  
**PROPERTY TAX LEVIES AND COLLECTIONS**  
**TEN YEAR HISTORY**

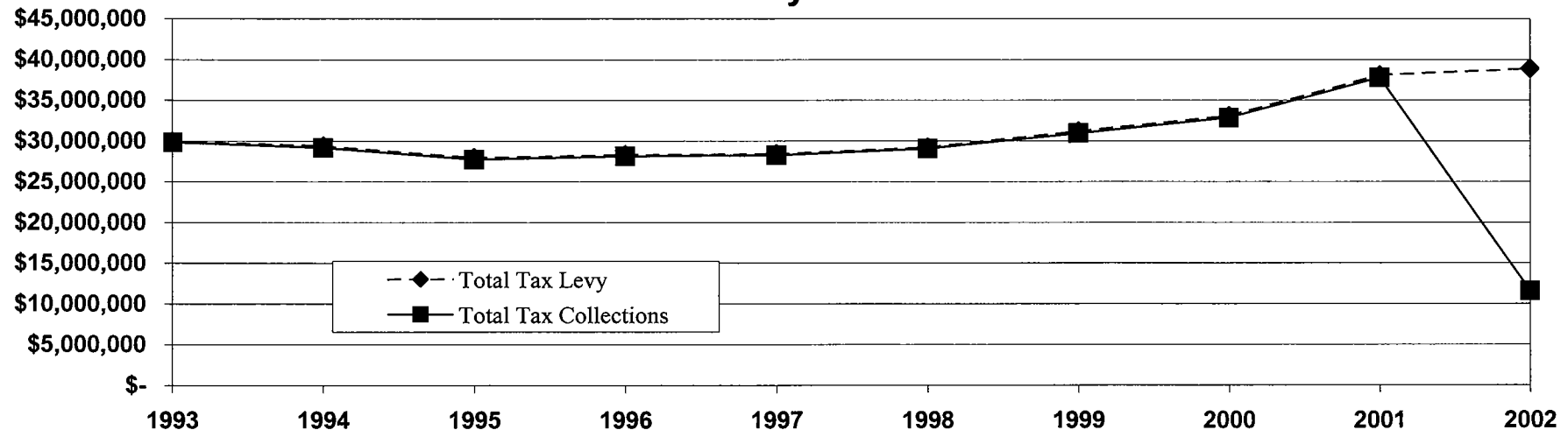
Fiscal Year	Total Tax Levy (a)	Current Tax Collections	Percent of Levy Collected	Delinquent Tax Collections	Total Tax Collections	Percent of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Percent of Delinquent Taxes to Tax Levy
			(b)	(b)		(b)	(b)	(b)
2002	\$ 38,877,156	\$ 11,569,302			\$ 11,569,302			
2001	38,100,186	34,330,873	90.1%	\$ 3,452,795	37,783,668	99.2%	\$ 316,518	0.8%
2000	33,076,128	31,398,070	94.9%	1,416,777	32,814,847	99.2%	261,281	0.8%
1999	31,176,955	30,234,341	97.0%	676,880	30,911,221	99.1%	265,734	0.9%
1998	29,215,008	27,862,663	95.4%	1,181,199	29,043,862	99.4%	171,146	0.6%
1997	28,401,109	26,927,383	94.8%	1,301,404	28,228,787	99.4%	172,322	0.6%
1996	28,290,511	27,099,295	95.8%	1,026,170	28,125,465	99.4%	165,046	0.6%
1995	27,925,170	26,400,329	94.5%	1,302,771	27,703,100	99.2%	222,070	0.8%
1994	29,370,004	28,675,598	97.6%	445,242	29,120,840	99.2%	249,164	0.8%
1993	29,970,318	27,916,595	93.1%	1,903,641	29,820,236	99.5%	150,082	0.5%

64

(a) Net of local option sales tax credits; includes two mills for drainage.  
Does not include Berkeley County taxes.

(b) 2002 taxes become delinquent March 15, 2003. The due date for automobiles is staggered and is billed throughout the succeeding year.

**Total Tax Levy and Collections**

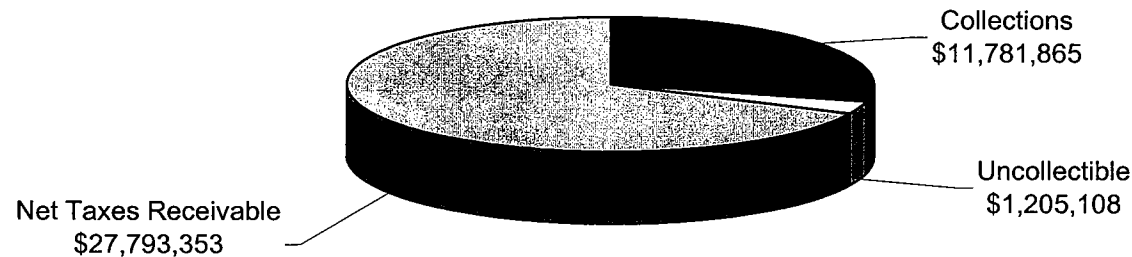


(Unaudited)

**CITY OF CHARLESTON, SOUTH CAROLINA  
ALL GOVERNMENTAL FUNDS  
SCHEDULE OF TAXES RECEIVABLE  
TEN YEAR HISTORY**

	<b>2002 Levy or Balance at 1/1/2002</b>	<b>Less Collections &amp; Nulla Bonas &amp; Write Offs</b>	<b>Balance December 31, 2002</b>	<b>Allowance For Uncollectibles</b>	<b>Net Taxes Receivable</b>	<b>Collections 60 Days After 12/31/02</b>	<b>Deferred Taxes Revenue</b>
<b>2002 Levy</b>	<b>\$ 40,780,326</b>	<b>\$ 11,781,865</b>	<b>\$ 28,998,461</b>	<b>\$ 1,205,108</b>	<b>\$ 27,793,353</b>	<b>\$ 25,233,662</b>	<b>\$ 2,559,691</b>
2001	24,223,799	23,894,265	329,534	212,666	116,868	77,917	38,951
2000	285,196	(18,098)	303,294	293,881	9,413	9,413	-
1999	322,605	25,898	296,707	265,345	31,362	31,362	-
1998	177,290	(25,212)	202,502	192,585	9,917	9,917	-
1997	174,231	25,105	149,126	148,716	410	410	-
1996	165,180	10,353	154,827	153,844	983	983	-
1995	222,992	11,546	211,446	211,443	3	3	-
1994	250,555	64,914	185,641	185,298	343	343	-
1993	152,092	(12,266)	164,358	164,154	204	204	-
1992	251,399	21,550	229,849	227,502	2,347	2,347	-
<b>Total</b>	<b>\$ 67,005,665</b>	<b>\$ 35,779,920</b>	<b>\$ 31,225,745</b>	<b>\$ 3,260,543</b>	<b>\$ 27,965,202</b>	<b>\$ 25,366,561</b>	<b>\$ 2,598,640</b>

**2002  
Levy Disposition Through Year-End**



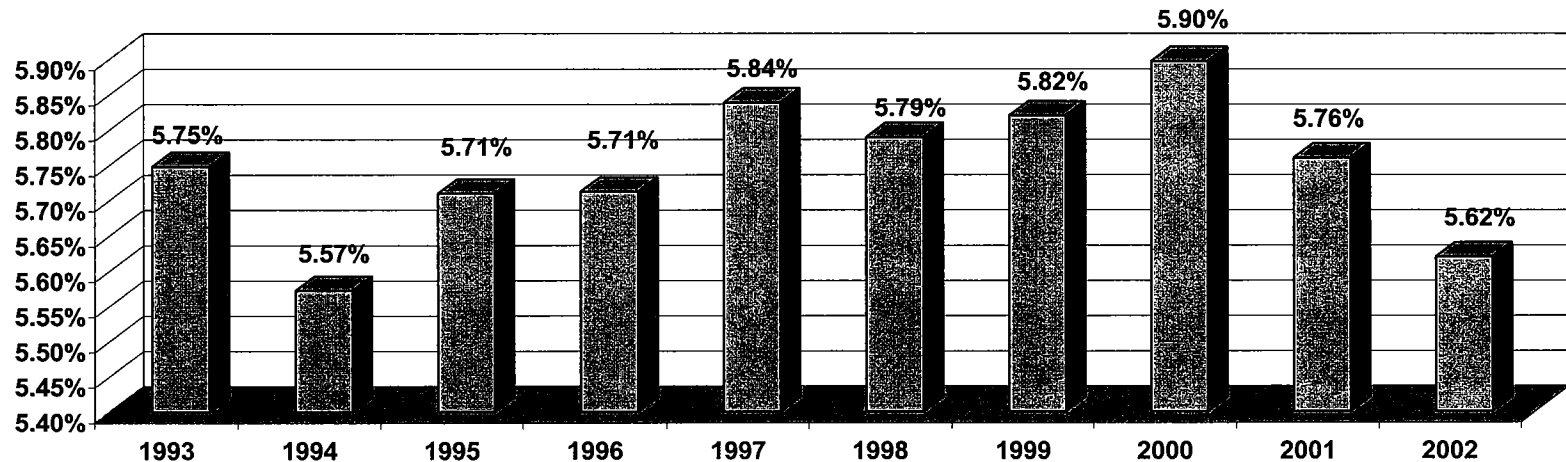
(Unaudited)

**CITY OF CHARLESTON, SOUTH CAROLINA  
ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
TEN YEAR HISTORY**

Fiscal Year	Real Property		Personal Property		Total		Ratio of Total Assessed To Total Estimated Actual Value
	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	Assessed Value	Estimated Actual Value	
2002	\$ 358,319,030	\$ 7,199,262,100	\$ 103,688,428	\$ 1,021,879,129	\$ 462,007,458	\$ 8,221,141,229	5.62%
2001	319,497,080	6,306,699,580	99,247,802	963,215,724	418,744,882	7,269,915,304	5.76%
2000	219,660,270	4,484,730,513	102,232,902	973,646,685	321,893,172	5,458,377,198	5.90%
1999	211,741,030	4,323,046,030	89,410,692	851,530,400	301,151,722	5,174,576,430	5.82%
1998	205,810,590	4,201,966,214	83,507,009	795,304,848	289,317,599	4,997,271,062	5.79%
1997	199,983,560	4,082,997,684	86,501,778	823,826,457	286,485,338	4,906,824,141	5.84%
1996	195,832,290	3,998,424,588	71,452,979	680,514,086	267,285,269	4,678,938,674	5.71%
1995	193,299,200	3,946,525,333	70,250,087	669,048,447	263,549,287	4,615,573,780	5.71%
1994	192,187,081	3,923,819,559	62,039,924	638,475,467	254,227,005	4,562,295,026	5.57%
1993	188,479,040	3,769,580,800	62,294,458	593,280,552	250,773,498	4,362,861,352	5.75%

Data provided by Charleston County Auditor's Office  
Does not include merchants' inventories.

**Ratio of Assessed to Estimated Value**



(Unaudited)

Table 6

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS**  
**(PER \$100 OF ASSESSED VALUE)**  
**TEN YEAR HISTORY**

<u>Year</u>	<u>City of Charleston</u>	<u>Charleston County</u>	<u>Total (1)</u>
2002	10.00	18.02	28.02
2001	10.85	18.00	28.85
2000	12.98	21.39	34.37
1999	12.98	21.85	34.83
1998	12.38	20.07	32.45
1997	12.30	19.51	31.81
1996	12.46	19.73	32.19
1995	12.18	19.38	31.56
1994	13.18	18.51	31.69
1993	13.12	16.79	29.91

(1) These tax rates do not reflect the impact of the Local Option Sales Tax, which began July 1, 1991. Revenues from the 1% Local Option Sales Tax are applied as credits to the tax bills. See the table below for a presentation of the effective millage rates paid by the various types of property owners as a result of the credit applied to such properties due to Local Option Sales Tax Revenues. The credit is calculated on the appraised value of the property.

**PROPERTY TAX RATES - ALL DIRECT AND OVERLAPPING GOVERNMENTS**  
**(PER \$100 OF ASSESSED VALUE)**  
**EFFECTIVE MILLAGE AFTER APPLICATION OF LOCAL OPTION SALES TAX CREDIT**

<u>Year</u>	<u>City of Charleston</u>			<u>Charleston County and Other Political Subdivisions</u>			<u>Totals</u>		
	<u>For Property Appraised At</u>			<u>For Property Appraised At</u>			<u>For Property Appraised At</u>		
	<u>4%</u>	<u>6%</u>	<u>10.5%</u>	<u>4%</u>	<u>6%</u>	<u>10.5%</u>	<u>4%</u>	<u>6%</u>	<u>10.5%</u>
2002	7.17	8.12	8.92	6.90 (a)	7.80 (a)	8.58 (a)	14.07	15.92	17.50
2001	7.75	8.78	9.67	6.40 (a)	7.47 (a)	8.38 (a)	14.15	16.25	18.05
2000	8.70	10.13	11.35	8.46 (a)	9.97 (a)	11.27 (a)	17.16	20.10	22.62
1999	8.70	10.13	11.35	8.98 (a)	10.47 (a)	11.74 (a)	17.68	20.60	23.09
1998	8.43	9.75	10.87	7.57 (a)	8.94 (a)	10.11 (a)	16.00	18.69	20.98
1997	8.42	9.72	10.82	7.34 (a)	8.59 (a)	9.67 (a)	15.76	18.31	20.49
1996	8.86	10.06	11.09	7.71 (a)	8.91 (a)	9.95 (a)	16.57	18.97	21.04
1995	9.11	10.13	11.01	7.51 (a)	8.63 (a)	9.59 (a)	16.62	18.76	20.60
1994	10.11	11.13	12.01	15.49	16.49	17.36	25.60	27.62	29.37
1993	10.32	11.25	12.05	14.09	14.99	15.76	24.41	26.24	27.81

(a) Reflects state tax relief for school district operating millage of 84 mils.

(Unaudited)

Table 7

**CITY OF CHARLESTON, SOUTH CAROLINA  
PRINCIPAL TAXPAYERS  
DECEMBER 31, 2002**

<b>Taxpayer</b>	<b>Type of Business</b>	<b>2002 Assessed Valuation</b>	<b>City Taxes Paid</b>	<b>% of Total Assessed Valuation</b>
South Carolina Electric and Gas	Utility	\$ 10,826,080	\$ 966,009	2.27%
BellSouth Telecomm (Southern Bell)	Communications	6,138,530	547,791	1.29%
Charleston Center Hotel, LLC	Hospitality/Commercial	5,311,790	473,307	1.11%
Albright Wilson, Inc.	Chemical	3,298,860	294,384	0.69%
Charleston Joint Venture (Citadel Mall)	Commercial	2,244,770	182,569	0.47%
Evening Post Publishing Co.	Publishing	1,857,970	167,254	0.39%
JRC SC Properties Invest, LP	Real Estate/Commercial	1,955,880	158,752	0.41%
Nirenblatt Associates	Real Estate/Commercial	1,733,260	140,629	0.36%
Bristol Hotel Asset Co. (Mills Hotel)	Hospitality/Commercial	1,515,000	122,967	0.32%
Ocean Boulevard Company	Hospitality/Commercial	1,280,940	103,970	0.27%
		<u>\$ 36,163,080</u>	<u>\$ 3,157,632</u>	<u>7.58%</u>

Data provided by Charleston County Treasurer's Office.

(Unaudited)

Table 8

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**RATIO OF NET GENERAL OBLIGATION BONDED DEBT TO ASSESSED**  
**VALUE AND NET GENERAL OBLIGATION BONDED DEBT PER CAPITA**  
**TEN YEAR HISTORY**

Fiscal Year	Population	Assessed Value (in Thousands)(d)	Gross Bonded Debt (b)	Debt Payable From Parking & Accom. Tax Revenues (c)	Net Bonded Debt	Ratio of Net Bonded Debt To Assessed Value	Net Bonded Debt Per Capita
2002	104,108 (a)	\$ 490,410	\$54,145,000	\$ 20,041,275	\$ 34,103,725	7.0%	\$ 328
2001	102,101 (a)	430,792	58,174,000	21,844,020	36,329,980	8.4%	356
2000	96,650 (e)	320,809	53,780,000	23,263,200	30,516,800	9.5%	316
1999	106,830 (a)	308,431	58,040,000	25,342,900	32,697,100	10.6%	306
1998	102,951 (a)	298,298	61,885,000	27,263,400	34,621,600	11.6%	336
1997	100,122 (a)	289,955	62,425,000	29,146,800	33,278,200	11.5%	332
1996	97,793 (a)	280,503	60,420,000	30,817,640	29,602,360	10.6%	303
1995	95,679 (a)	271,740	62,085,000	31,736,800	30,348,200	11.2%	317
1994	94,140 (a)	265,398	63,630,000	38,732,000	24,898,000	9.4%	264
1993	92,249 (a)	266,245	60,330,000	34,613,950	25,716,050	9.7%	279

(a) Planning Department estimates

(b) Included all long-term general obligation bonds and bond anticipation

(c) Debt on parking bonds is paid from parking enterprise fund. Debt on Visitor Transportation Center bonds is paid from Accommodation Tax revenue.

(d) Includes merchants' inventories and Berkeley County.

(e) Census figures: Planning Department was 110,361.

## Net Bonded Debt Per Capita

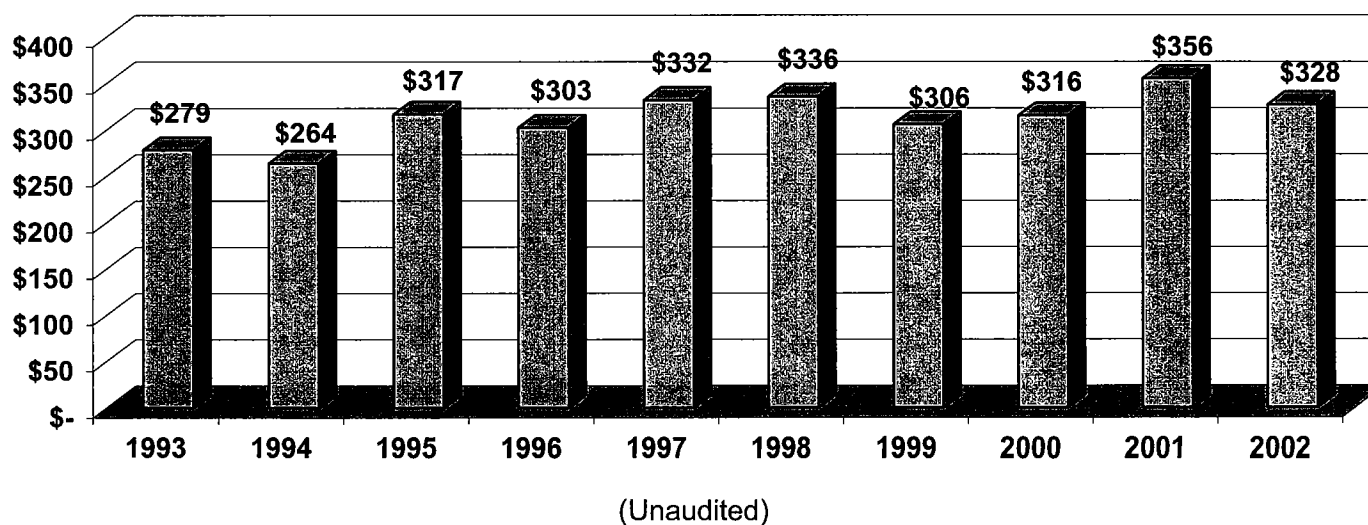
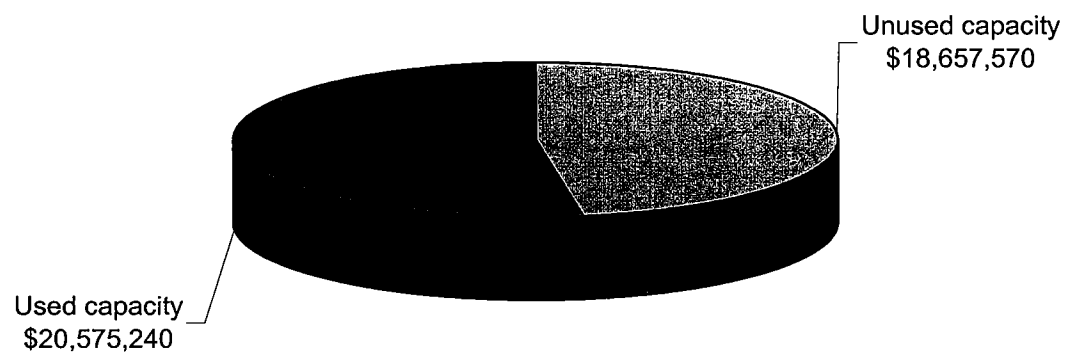


Table 9

**CITY OF CHARLESTON, SOUTH CAROLINA  
COMPUTATION OF LEGAL DEBT MARGIN  
DECEMBER 31, 2002**

Assessed value at December 31, 2002		<u>\$ 490,410,121</u>
Debt limit - 8% of total assessed value		\$ 39,232,810
Calculation of amount applicable to debt limit:		
Total general bonded debt (excluding principal increases due to refunding)	\$ 53,075,240	
Less:		
Referendum bonds	<u>32,500,000</u>	
Net amount applicable to legal debt limit (i.e. used debt capacity)		<u>20,575,240</u>
Legal debt margin (remaining available) without a referendum (i.e. unused capacity)		<u>\$ 18,657,570</u>



(Unaudited)

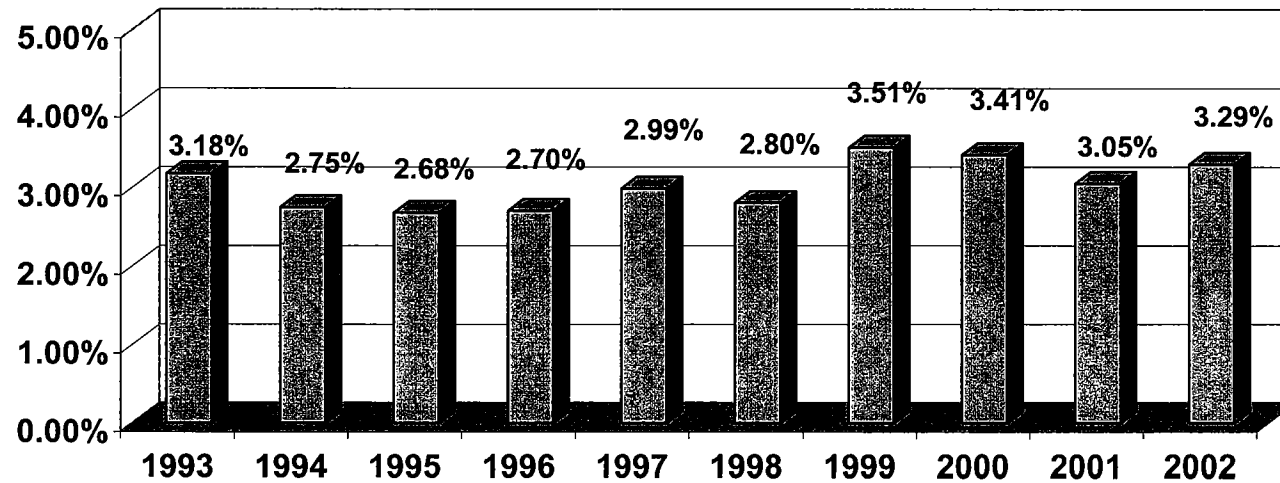
Table 10

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**ALL GOVERNMENTAL FUNDS**  
**RATIO OF ANNUAL DEBT SERVICE EXPENDITURES FOR GENERAL**  
**OBLIGATION BONDED DEBT(1) TO TOTAL GENERAL GOVERNMENTAL EXPENDITURES**  
**TEN YEAR HISTORY**

<b>Fiscal Year</b>	<b>Principal</b>	<b>Interest</b>	<b>General Obligation Bonded Debt (1)</b>	<b>Total General Governmental Expenditures</b>	<b>% of Debt Service to Total General Governmental Expenditures</b>
<b>2002</b>	<b>\$ 2,126,224</b>	<b>\$ 1,429,869</b>	<b>\$ 3,556,093</b>	<b>\$ 107,963,171</b>	<b>3.29%</b>
2001	2,034,581	1,480,619	3,515,200	115,271,818	3.05%
2000	2,180,325	1,638,254	3,818,579	111,899,647	3.41%
1999	1,924,550	1,746,479	3,671,029	104,685,812	3.51%
1998	1,456,640	1,808,333	3,264,973	116,440,739	2.80%
1997	1,524,100	1,960,479	3,484,579	116,693,174	2.99%
1996	1,332,060	1,731,028	3,063,088	113,296,673	2.70%
1995	1,225,860	1,573,221	2,799,081	104,542,696	2.68%
1994	1,018,120	1,599,178	2,617,298	95,263,012	2.75%
1993	926,370	1,800,491	2,726,861	85,858,637	3.18%

(1) Includes only General Obligation Bonds paid with property taxes.

**% Debt Service to General Government Expenditures**



(Unaudited)

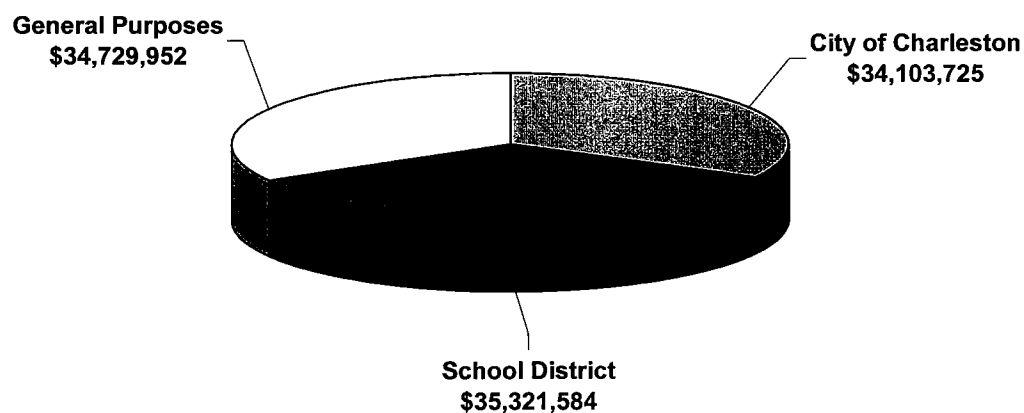


Table 11

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**COMPUTATION OF DIRECT AND OVERLAPPING BONDED DEBT**  
**DECEMBER 31, 2002**

<u>Jurisdiction</u>	<u>Net Debt Outstanding</u>	<u>Applicable to City of Charleston</u>	<u>Applicable to City of Charleston</u>
Direct Debt:			
City of Charleston	<u>\$ 34,103,725</u>	100.0%	<u>\$ 34,103,725</u>
Overlapping Debt:			
County School District	107,165,000	32.96% *	35,321,584
General County Purposes	<u>105,370,000</u>	32.96% *	<u>34,729,952</u>
Total Overlapping Debt	<u>212,535,000</u>		<u>70,051,536</u>
Total	<u>\$ 246,638,725</u>		<u>\$ 104,155,261</u>

\* Based on most recent assessment in 2001 by County plus any changes from subsequent construction and property transfers.



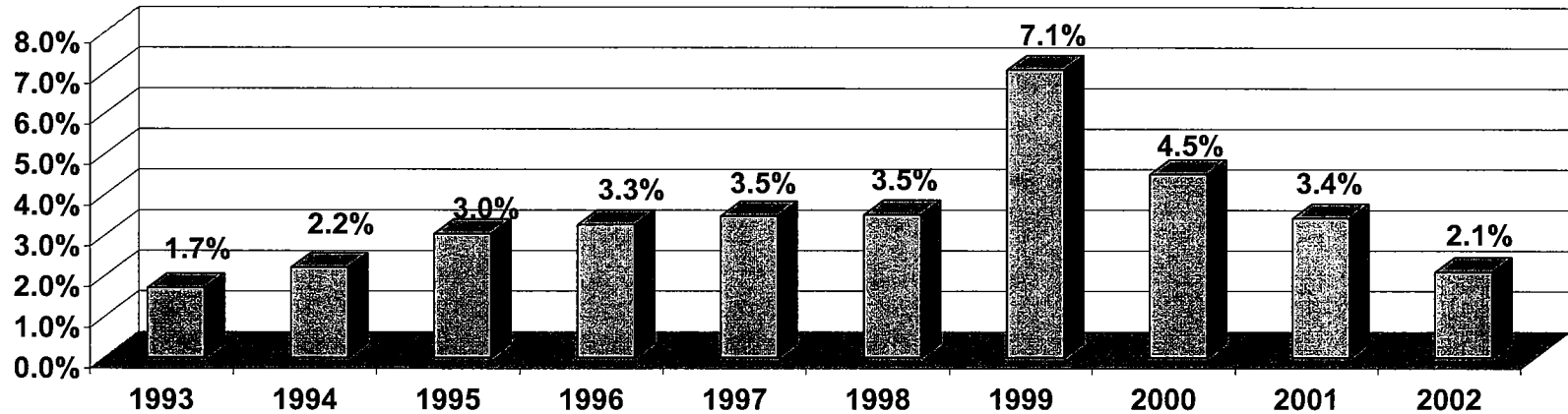
(Unaudited)

Table 12

**CITY OF CHARLESTON, SOUTH CAROLINA  
PROPERTY VALUES AND CONSTRUCTION  
TEN YEAR HISTORY**

Fiscal Year	Construction					Property Value			Ratio of Total Construction to Property Value
	Commercial		Residential		Total Value				
	Number of Units	Value	Number of Units	Value		Commercial	Residential	Total	
2002	59	\$ 52,894,786	857	\$ 98,697,843	\$ 151,592,629	\$ 3,517,473,400	\$ 3,681,788,700	7,199,262,100	2.1%
2001	164	83,610,589	800	133,746,543	217,357,132	3,521,261,500	2,824,371,180	6,345,632,680	3.4%
2000	146	82,967,793	1,679	141,005,016	223,972,809	2,603,177,460	2,362,365,500	4,965,542,960	4.5%
1999	321	178,065,844	1,185	158,697,866	336,763,710	2,371,546,965	2,382,086,588	4,753,633,553	7.1%
1998	72	88,889,423	574	58,864,091	147,753,514	2,311,081,418	1,890,884,796	4,201,966,214	3.5%
1997	51	101,134,729	698	56,911,833	158,046,562	2,291,166,345	2,249,815,050	4,540,981,395	3.5%
1996	47	91,126,209	698	49,446,449	140,572,658	1,932,736,300	2,371,994,555	4,304,730,855	3.3%
1995	38	86,549,036	376	29,285,979	115,835,015	1,743,880,652	2,063,129,174	3,807,009,826	3.0%
1994	59	59,088,221	333	27,861,282	86,949,503	2,008,865,568	1,910,317,000	3,919,182,568	2.2%
1993	55	34,559,493	456	29,822,779	64,382,272	1,925,817,850	1,833,049,000	3,758,866,850	1.7%

**Ratio of Total Construction to Property Value**



(Unaudited)

Table 13

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**DEMOGRAPHIC STATISTICS**  
**TEN YEAR HISTORY**

<b>Year</b>	<b>Population</b>	<b>Per Capita Income</b>	<b>Median Age</b>	<b>School Enrollment (c)</b>	<b>Unemployment Rate (e)</b>
2002	104,108 a	\$ 22,414 d	33.2 f	17,127	3.8%
2001	102,101 a	24,454 d	33.9 f	16,164	3.2%
2000	96,650 b	22,944 d	31.8 f	16,164	2.8%
1999	106,830 a	21,670 d	31.6 d	16,069	2.5%
1998	102,951 a	21,670 d	30.1 e	18,066	3.1%
1997	100,122 a	21,645 e	30.2 e	16,263	4.1%
1996	97,793 a	19,912 e	33.2 e	16,885	6.0%
1995	95,679 a	19,912 e	33.2 e	17,410	5.0%
1994	94,140 a	not available	31.2	17,463	6.3%
1993	92,249 a	16,386 a	31.2	17,298	6.1%

a - Planning Department estimates

b - Census figures: Planning Department estimate was 110,361.

c - Charleston and Berkeley Counties School Boards

d - Department of Commerce, Bureau of Economic Analysis

e - Charleston County Source

f - Chamber of Commerce estimate

### Population

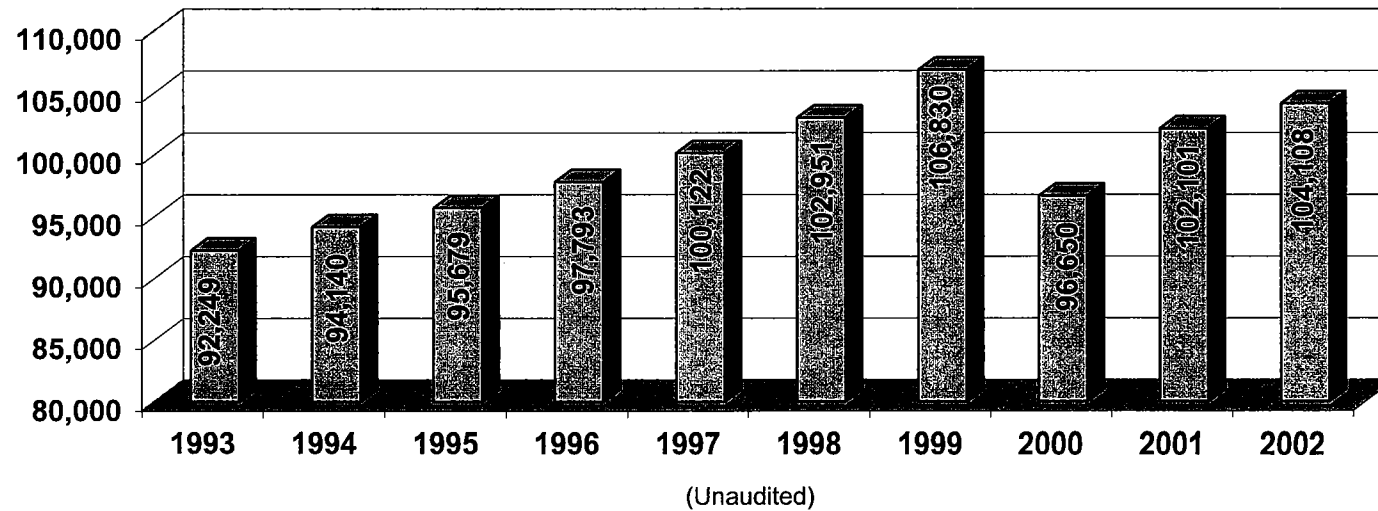


Table 14

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**MISCELLANEOUS STATISTICS**  
**DECEMBER 31, 2002**

Date of incorporation	1783
Form of government	Mayor - Council
Area	100 square miles
Miles of street	605 (a)
Miles of streets maintained by the City	382 (a)
Number of street lights	8,935 (b)
<b>Demographic:</b>	
Population	104,108 (d)
Per capita income	\$22,414 (j)
Median age	33.2 (c)
School enrollment	17,127 (e & i)
Unemployment rate	3.8% (c)
<b>Fire protection:</b>	
Number of stations	18 (f)
Number of firefighters and officers (exclusive of volunteer firemen)	232 (f)
<b>Police protection:</b>	
Number of stations	34 (g)
Number of officers	359 (g)
<b>Building permits issued:</b>	4,629 (a)
<b>Recreation and culture:</b>	
Number of parks	95 with 1,209 acres (b)
<b>Employees:</b>	
Non-exempt	1,284 (h)
Exempt	158 (h)

## Sources:

a - Planning and Neighborhoods Department  
b - Parks Department  
c - Chamber of Commerce estimate  
d - Planning and Neighborhoods Department estimate  
e - Charleston County School Board

f - Fire Department  
g - Police Department  
h - Human Resources  
i - Berkeley County School Board  
j - U. S. Dept. of Commerce Bureau of Economic Analysis

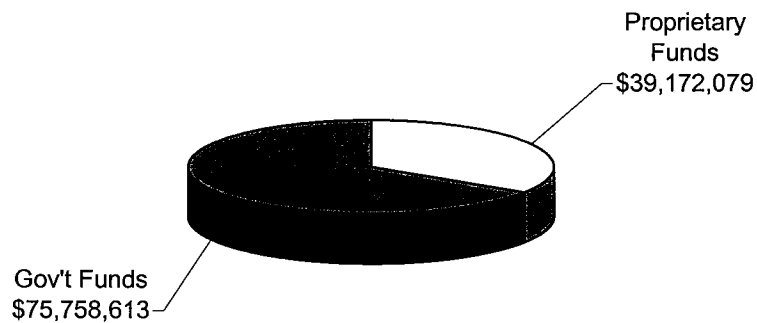
(Unaudited)

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**SUMMARY SCHEDULE OF BONDS AND CERTIFICATES OF PARTICIPATION DEBT OBLIGATIONS**  
**DECEMBER 31, 2002**

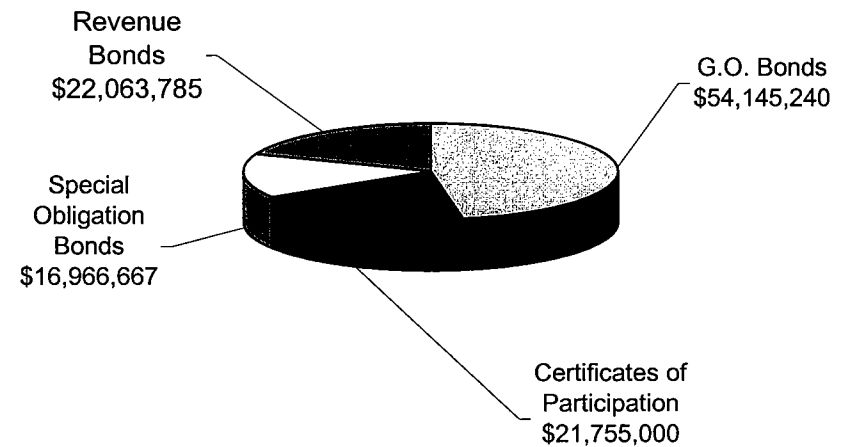
Fund(s) Where Reported:	<u>G.O. Bonds</u>	<u>Certificates Of Participation</u>	<u>Special Obligation Bonds</u>	<u>Revenue Bonds</u>	<u>Total</u>
Proprietary enterprise funds (see Table 15a)	\$ 18,001,936	\$ 6,026,135	\$ \$ -	\$ 15,144,008	\$ 39,172,079
Governmental funds (see Table 15b)	<u>36,143,304</u>	<u>15,728,865</u>	<u>16,966,667</u>	<u>6,919,777</u>	<u>75,758,613</u>
Total bond and certificates of participation debt obligations (see Table 15c)	<u><u>\$ 54,145,240</u></u>	<u><u>\$ 21,755,000</u></u>	<u><u>\$ 16,966,667</u></u>	<u><u>\$ 22,063,785</u></u>	<u><u>\$ 114,930,692</u></u>

Note: All proprietary fund debt is expected to be repaid from various parking facilities and other enterprise fund revenues.

### Fund Location



### Debt Obligations



(Unaudited)

Table 15a

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**BUSINESS-TYPE ACTIVITIES**  
**SCHEDULE OF PARKING FACILITIES BONDS AND COP**  
**PRINCIPAL AND INTEREST REQUIREMENTS TO MATURITY**  
**DECEMBER 31, 2002**

Year Issued	1993	1996	1997	2001	
Available Issue	\$30,000,000	\$17,640,000	\$16,493,220	\$13,450,000	
	(\$8,310,000 Parking)	(\$9,301,575 Parking)		(10,550,180 Parking)	
Type of Bond	CERTIFICATE OF PARTICIPATION	GEN OBL BOND (REFUNDING)	REVENUE BOND	GEN OBL BOND (REFUNDING)	
Due Dates	3-1/9-1	3-1/9-1	Monthly	1-1/7-1	Totals
<b>PRINCIPAL ONLY</b>					
2003	\$ 343,480	\$ 653,852	\$ 573,796	\$ 721,648	\$ 2,292,776
2004	358,715	701,309	614,970	1,172,678	2,847,672
2005	375,335	743,493	659,098	1,204,054	2,981,980
2006	393,340	735,584	706,393	1,294,260	3,129,577
2007	412,730	783,041	757,082	858,918	2,811,771
2008	433,505	777,768	811,408	933,436	2,956,117
2009	455,665	819,952	869,632	1,043,252	3,188,501
2010	477,825	812,042	932,035	1,156,990	3,378,892
2011	501,370	856,863	998,916	1,290,338	3,647,487
2012	527,685	846,314	1,070,594	596,144	3,040,737
2013	554,000	-	1,147,417	-	1,701,417
2014	581,700	-	1,229,752	-	1,811,452
2015	610,785	-	1,317,996	-	1,928,781
2016	-	-	1,412,572	-	1,412,572
2017	-	-	1,513,934	-	1,513,934
2018	-	-	528,413	-	528,413
<b>TOTALS</b>	<b>\$ 6,026,135</b>	<b>\$ 7,730,218</b>	<b>\$ 15,144,008</b>	<b>\$ 10,271,718</b>	<b>\$ 39,172,079</b>
<b>PRINCIPAL AND INTEREST</b>					
2003	\$ 641,586	\$ 1,036,603	\$ 1,608,255	\$ 1,222,733	\$ 4,509,177
2004	641,021	1,052,541	1,608,255	1,641,288	4,943,105
2005	640,781	1,060,586	1,608,255	1,616,962	4,926,584
2006	640,770	1,017,365	1,608,255	1,646,965	4,913,355
2007	640,493	1,023,676	1,608,255	1,146,910	4,419,334
2008	640,632	975,468	1,608,255	1,178,483	4,402,838
2009	641,117	976,889	1,608,255	1,241,627	4,467,888
2010	640,493	925,837	1,608,255	1,303,202	4,477,787
2011	640,147	925,699	1,608,255	1,378,701	4,552,802
2012	641,394	869,167	1,608,255	619,990	3,738,806
2013	641,324	-	1,608,255	-	2,249,579
2014	641,324	-	1,608,255	-	2,249,579
2015	641,324	-	1,608,255	-	2,249,579
2016	-	-	1,608,255	-	1,608,255
2017	-	-	1,608,255	-	1,608,255
2018	-	-	536,090	-	536,090
<b>TOTALS</b>	<b>\$ 8,332,406</b>	<b>\$ 9,863,831</b>	<b>\$ 24,659,915</b>	<b>\$ 12,996,861</b>	<b>\$ 55,853,013</b>

Note: These amounts are also included on Table 15c. The total principal amounts above are before the application of discounts and deferred losses, if any.

Table 15b

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**GOVERNMENTAL ACTIVITIES**  
**SCHEDULE OF BONDS AND COP PRINCIPAL AND INTEREST REQUIREMENTS TO MATURITY**  
**(EXCLUDES BORROWING FOR PARKING GARAGES)**  
**DECEMBER 31, 2002**

	1990 .5M REV BOND J.ISL PRK (MILTON DEM.)	1993 11.05M REFUNDING BOND	1993 30M (21.69M) CERTIFICATE OF PARTICIPATION	1995 4.875M GEN OBL BOND	1996 17.64M (8.34M) GEN OBL BOND (REFUNDING)	1997 5.2M GEN OBL BOND	1998 353,000 SHEALY NOTE	1998 2.8M GEN OBL BOND	2000 8.8M DANIEL ISL TENNIS FAC REV BOND	2001 7.7M GEN OBL BOND	2001 13.45M GEN OBL BOND	2002 4.4M SPEC REDV BOND (REFUNDING)	2002 15.6 SPECIAL REDV BOND (REFUNDING)	TOTALS
DUE DATES	1-27/7-27	4-1/10-1	3-1/9-1	3-1/9-1	3-1/9-1	2-1/8-1	1-15/4-15 7-15/10-15	2-1/8-1	3-1/9-1	1-1/7-1	1-1/7-1	2-1/8-1	2-1/8-1	
<b>PRINCIPAL ONLY</b>														
2003	\$ 45,626	\$ 960,000	\$ 896,520	\$ 500,000	\$ 586,148	\$ 325,000	\$ 46,400	\$ 125,000	\$ 525,000	\$ 250,000	\$ 198,352	\$ 314,286	\$ 1,239,407	\$ 6,011,739
2004	48,640	1,000,000	936,285	600,000	628,691	425,000	49,247	150,000	525,000	350,000	322,322	314,286	1,432,726	6,782,197
2005	25,511	1,025,000	979,665	650,000	666,507	525,000	52,268	175,000	525,000	400,000	330,946	314,286	1,432,726	7,101,909
2006	-	1,105,000	1,026,660	700,000	659,417	625,000	27,325	200,000	525,000	450,000	355,740	3,457,142	1,432,726	10,564,010
2007	-	1,130,000	1,077,270	700,000	701,960	825,000	-	225,000	525,000	500,000	236,082	-	1,432,726	7,353,038
2008	-	765,000	1,131,495	-	697,233	850,000	-	250,000	525,000	550,000	256,564	-	1,432,726	6,458,018
2009	-	750,000	1,189,335	-	735,048	875,000	-	250,000	525,000	600,000	286,748	-	1,432,726	6,643,857
2010	-	785,000	1,247,175	-	727,958	-	-	275,000	525,000	650,000	318,010	-	1,432,726	5,960,869
2011	-	770,000	1,308,630	-	768,137	-	-	300,000	525,000	650,000	354,662	-	1,298,178	5,974,607
2012	-	-	1,377,315	-	758,683	-	-	325,000	525,000	700,000	163,856	-	-	3,849,854
2013	-	-	1,446,000	-	-	-	-	350,000	525,000	750,000	-	-	-	3,071,000
2014	-	-	1,518,300	-	-	-	-	-	525,000	850,000	-	-	-	2,893,300
2015	-	-	1,594,215	-	-	-	-	-	500,000	1,000,000	-	-	-	3,094,215
<b>TOTALS</b>	<b>\$ 119,777</b>	<b>\$ 8,290,000</b>	<b>\$ 15,728,865</b>	<b>\$3,150,000</b>	<b>\$6,929,782</b>	<b>\$ 4,450,000</b>	<b>\$ 175,240</b>	<b>\$2,625,000</b>	<b>\$ 6,800,000</b>	<b>\$ 7,700,000</b>	<b>\$ 2,823,282</b>	<b>\$4,400,000</b>	<b>\$ 12,566,667</b>	<b>\$75,758,613</b>
<b>PRINCIPAL AND INTEREST</b>														
2003	\$ 52,682	\$ 1,348,962	\$ 1,674,609	\$ 649,000	\$ 929,267	\$ 536,037	\$ 55,883	\$ 245,625	\$ 1,069,680	\$ 569,500	\$ 336,080	\$ 506,728	\$ 1,955,011	\$ 9,929,064
2004	52,682	1,343,382	1,673,134	725,875	943,554	617,281	55,883	262,812	1,027,628	660,750	451,124	500,484	2,098,168	10,412,757
2005	26,340	1,320,283	1,672,508	747,375	950,766	694,112	55,883	281,438	985,576	698,500	444,438	485,423	2,028,343	10,390,985
2006	-	1,348,610	1,672,480	766,500	912,020	765,781	27,941	299,000	943,522	734,500	452,685	3,613,718	1,960,288	13,497,046
2007	-	1,318,288	1,671,757	733,250	917,679	929,688	-	315,500	901,470	766,500	315,240	-	1,892,234	9,761,606
2008	-	905,530	1,672,118	-	874,462	912,813	-	330,600	859,418	796,500	323,917	-	1,825,205	8,500,563
2009	-	851,523	1,673,383	-	875,736	895,781	-	319,600	817,366	824,500	341,273	-	1,756,125	8,355,287
2010	-	846,416	1,671,757	-	829,970	-	-	333,350	775,312	850,500	358,198	-	1,688,070	7,353,573
2011	-	790,405	1,670,853	-	829,846	-	-	345,700	733,260	824,500	378,949	-	1,467,734	7,041,247
2012	-	-	1,674,107	-	779,168	-	-	356,900	691,208	848,500	170,410	-	-	4,520,293
2013	-	-	1,673,926	-	-	-	-	366,625	649,156	870,500	-	-	-	3,560,207
2014	-	-	1,673,926	-	-	-	-	-	607,102	938,625	-	-	-	3,219,653
2015	-	-	1,673,925	-	-	-	-	-	540,050	1,052,500	-	-	-	3,266,475
<b>TOTALS</b>	<b>\$ 131,704</b>	<b>\$10,073,399</b>	<b>\$ 21,748,483</b>	<b>\$3,622,000</b>	<b>\$8,842,468</b>	<b>\$ 5,351,494</b>	<b>\$ 195,590</b>	<b>\$3,457,150</b>	<b>\$ 10,600,748</b>	<b>\$10,435,875</b>	<b>\$ 3,572,314</b>	<b>\$5,106,353</b>	<b>\$ 16,671,178</b>	<b>\$99,808,756</b>

Note: These amounts are also included on Table 15c. The total principal amounts above are before the application of discounts and deferred losses, if any.

(Unaudited)

**CITY OF CHARLESTON, SOUTH CAROLINA**  
**GOVERNMENT-WIDE**  
**SCHEDULE OF BONDS AND COP PRINCIPAL AND INTEREST REQUIREMENTS TO MATURITY**  
**FOR ALL BONDS AND COPS**  
**DECEMBER 31, 2002**

	1990 0.5M REV BOND J.ISL PRK (MILTON DEM.)	1993 11.05 REFUNDING BOND	1993 30M CERTIFICATE OF PARTICIPATION	1995 4.875M GEN OBL BOND	1996 17.64M GEN OBL BOND (REFUNDING)	1997 5.2M GEN OBL BOND	1997 16.6M REVENUE BOND AQUARIUM GARAGE
DUE DATES	1-27/7-27	4-1/10-1	3-1/9-1	3-1/9-1	3-1/9-1	2-1/8-1	Monthly
<b>PRINCIPAL ONLY</b>							
2003	\$ 45,626	\$ 960,000	\$ 1,240,000	\$ 500,000	\$ 1,240,000	\$ 325,000	\$ 573,796
2004	48,639	1,000,000	1,295,000	600,000	1,330,000	425,000	614,970
2005	25,512	1,025,000	1,355,000	650,000	1,410,000	525,000	659,098
2006	-	1,105,000	1,420,000	700,000	1,395,000	625,000	706,393
2007	-	1,130,000	1,490,000	700,000	1,485,000	825,000	757,082
2008	-	765,000	1,565,000	-	1,475,000	850,000	811,408
2009	-	750,000	1,645,000	-	1,555,000	875,000	869,633
2010	-	785,000	1,725,000	-	1,540,000	-	932,035
2011	-	770,000	1,810,000	-	1,625,000	-	998,915
2012	-	-	1,905,000	-	1,605,000	-	1,070,594
2013	-	-	2,000,000	-	-	-	1,147,417
2014	-	-	2,100,000	-	-	-	1,229,752
2015	-	-	2,205,000	-	-	-	1,317,996
2016	-	-	-	-	-	-	1,412,572
2017	-	-	-	-	-	-	1,513,934
2018	-	-	-	-	-	-	528,413
TOTALS	<u>\$ 119,777</u>	<u>\$ 8,290,000</u>	<u>\$ 21,755,000</u>	<u>\$ 3,150,000</u>	<u>\$ 14,660,000</u>	<u>\$ 4,450,000</u>	<u>\$ 15,144,008</u>
<b>PRINCIPAL AND INTEREST</b>							
2003	\$ 52,682	\$ 1,348,963	\$ 2,316,195	\$ 649,000	\$ 1,965,870	\$ 536,038	\$ 1,608,255
2004	52,682	1,343,383	2,314,155	725,875	1,996,095	617,281	1,608,255
2005	26,340	1,320,283	2,313,290	747,375	2,011,353	694,112	1,608,255
2006	-	1,348,610	2,313,250	766,500	1,929,385	765,781	1,608,255
2007	-	1,318,287	2,312,250	733,250	1,941,355	929,688	1,608,255
2008	-	905,530	2,312,750	-	1,849,930	912,813	1,608,255
2009	-	851,522	2,314,500	-	1,852,625	895,781	1,608,255
2010	-	846,416	2,312,250	-	1,755,807	-	1,608,255
2011	-	790,405	2,311,000	-	1,755,545	-	1,608,255
2012	-	-	2,315,500	-	1,648,335	-	1,608,255
2013	-	-	2,315,250	-	-	-	1,608,255
2014	-	-	2,315,250	-	-	-	1,608,255
2015	-	-	2,315,250	-	-	-	1,608,255
2016	-	-	-	-	-	-	1,608,255
2017	-	-	-	-	-	-	1,608,255
2018	-	-	-	-	-	-	536,090
TOTALS	<u>\$ 131,704</u>	<u>\$ 10,073,399</u>	<u>\$ 30,080,890</u>	<u>\$ 3,622,000</u>	<u>\$ 18,706,300</u>	<u>\$ 5,351,494</u>	<u>\$ 24,659,915</u>

(Unaudited)



Table 15c

1998 353,000 SHEALY NOTE	1998 2.8M GEN OBL BOND	2000 8.8M FAMILY CIRCLE TENNIS CTR REV. BOND	2001 7.7M GEN OBL BOND	2001 13.45M GEN OBL BOND	2002 4.4M SPEC REDV BOND (REFUNDING)	2002 15.6M SPEC REDV BOND (REFUNDING)	TOTAL
1-15/4-15/ 7-15/10-15	2-1/8-1	3-1/9-1	1-1/7-1	1-1/7-1	2-1/8-1	2-1/8-1	
\$ 46,400	\$ 125,000	\$ 525,000	\$ 250,000	\$ 920,000	\$ 314,286	\$ 1,239,407	\$ 8,304,515
49,247	150,000	525,000	350,000	1,495,000	314,286	1,432,726	9,629,868
52,268	175,000	525,000	400,000	1,535,000	314,286	1,432,726	10,083,890
27,325	200,000	525,000	450,000	1,650,000	3,457,142	1,432,726	13,693,586
-	225,000	525,000	500,000	1,095,000	-	1,432,726	10,164,808
-	250,000	525,000	550,000	1,190,000	-	1,432,726	9,414,134
-	250,000	525,000	600,000	1,330,000	-	1,432,726	9,832,359
-	275,000	525,000	650,000	1,475,000	-	1,432,726	9,339,761
-	300,000	525,000	650,000	1,645,000	-	1,298,178	9,622,093
-	325,000	525,000	700,000	760,000	-	-	6,890,594
-	350,000	525,000	750,000	-	-	-	4,772,417
-	-	525,000	850,000	-	-	-	4,704,752
-	-	500,000	1,000,000	-	-	-	5,022,996
-	-	-	-	-	-	-	1,412,572
-	-	-	-	-	-	-	1,513,934
-	-	-	-	-	-	-	528,413
<u>\$ 175,240</u>	<u>\$ 2,625,000</u>	<u>\$ 6,800,000</u>	<u>\$ 7,700,000</u>	<u>\$ 13,095,000</u>	<u>\$ 4,400,000</u>	<u>\$ 12,566,667</u>	<u>\$ 114,930,692</u>
\$ 55,883	\$ 245,625	\$ 1,069,680	\$ 569,500	\$ 1,558,813	\$ 506,728	\$ 1,955,011	\$ 14,438,243
55,883	262,813	1,027,628	660,750	2,092,412	500,484	2,098,168	15,355,864
55,883	281,438	985,576	698,500	2,061,400	485,423	2,028,343	15,317,571
27,941	299,000	943,522	734,500	2,099,650	3,613,718	1,960,288	18,410,400
-	315,500	901,470	766,500	1,462,150	-	1,892,234	14,180,939
-	330,600	859,418	796,500	1,502,400	-	1,825,205	12,903,401
-	319,600	817,366	824,500	1,582,900	-	1,756,125	12,823,174
-	333,350	775,312	850,500	1,661,400	-	1,688,070	11,831,360
-	345,700	733,260	824,500	1,757,650	-	1,467,734	11,594,049
-	356,900	691,208	848,500	790,400	-	-	8,259,098
-	366,625	649,156	870,500	-	-	-	5,809,786
-	-	607,102	938,625	-	-	-	5,469,232
-	-	540,050	1,052,500	-	-	-	5,516,055
-	-	-	-	-	-	-	1,608,255
-	-	-	-	-	-	-	1,608,255
-	-	-	-	-	-	-	536,090
<u>\$ 195,590</u>	<u>\$ 3,457,150</u>	<u>\$ 10,600,748</u>	<u>\$ 10,435,875</u>	<u>\$ 16,569,175</u>	<u>\$ 5,106,353</u>	<u>\$ 16,671,178</u>	<u>\$ 155,661,772</u>